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PSI Privatization Update: 19 July 2017



Launching on the opening day of the High Level Political Forum at the United Nations in New York [this new global report](#) assesses how privatization and corporate capture have become obstacles to progress under the 2030 Agenda. "In the 2030 Agenda governments committed to a revitalized Global Partnership between States and declared that public finance has to play a vital role in achieving the SDGs. But in recent decades, **the combination of neoliberal ideology, corporate lobbying, regressive fiscal policies, tax avoidance and tax evasion has led to a massive weakening of the public sector** and its ability to provide essential goods and services. The same corporatized strategies and fiscal and regulatory policies that led to this weakening **have enabled an unprecedented accumulation of individual wealth and increasing market concentration.**

The proponents of privatization and public-private partnerships (PPPs) use these trends to present the private sector as the most efficient way to provide the necessary means for implementing the SDGs. But many studies and experiences by affected communities have shown that privatization and PPPs involve disproportionate risks and costs for people and the public purse. **PPPs can even exacerbate inequalities, decrease equitable access to essential services and jeopardize the fulfilment of human rights.**

Therefore, **it is high time to counter these trends, reclaim public policy space and take bold measures to strengthen public finance,** regulate or reject PPPs and weaken the grip of corporate power on people's lives. In

short, to put 'people over profit'. These are indispensable prerequisites to achieve the SDGs and to turn the vision of the transformation of our world, as proclaimed in the title of the 2030 Agenda, into reality.”

The [160-page report](#) is supported by a broad range of civil society organizations and trade unions, and based on experiences and reports by national and regional groups and coalitions from all parts of the world. Its 35 articles and textboxes cover all sectors of the 2030 Agenda and the SDGs, and reflect the rich geographic and cultural diversity of their authors.



**Reclaiming Public Service:** [How cities and citizens are turning back privatization](#) is vital reading for anyone interested in the future of local, democratic services like energy, water and health care. This is an in-depth world tour of new initiatives in public ownership and the variety of approaches to deprivatization.

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**United Kingdom:** The horrific fire in London that killed [at least 79 people](#) and injured dozens more has raised fundamental questions about government oversight of public housing, [privatization of key safety functions](#), [deregulation](#), official indifference toward poor and working people in gentrifying neighborhoods, [broken government oversight of the multiple contractors](#) responsible for repair and safety, [the class politics of austerity and deregulation](#), and [stressed out public service workers in underfunded downsizing agencies](#). Among the issues raised is [the privatization of inspection regimes](#), a trend which is [also seen in the United States](#). Speaking of the London Grenfell fire, Ben Bradford, a fire safety expert who is managing director of the risk consultancy BB7, said “that the partial privatization of the building inspection regime sometimes

led to a 'race to the bottom' to reduce fees and limit the number of safety inspections carried out." The essential point, architect Deon Lombard writes, is that "[public safety should not be privatized](#). Putting a monetary value on human lives is unacceptable."

## Africa & Arab Countries

**Ghana:** As Ghana [moves ahead with its plans to privatize the Electricity Company of Ghana](#), the World Bank continues to push private energy financing across the continent by issuing a report titled "[Linking Up: Public-Private Partnerships in Power Transmission in Africa](#)." However, **recently the Nigerian Senate found that electricity privatization in that country has failed**, and it called for a review. "On his own part, Vice Chairman, Senate Committee on Power, Mustapha Burkar, (APC, Katsina State) called for state of emergency in the power sector because all the measures that had been adopted were not working. He observed that distribution companies are the weakest point in the value chain, adding that [the model adopted for the privatization has failed](#)."

**Namibia:** **Job Muniaro, the secretary general of the National Union of Namibian Workers (NUNW)**, has called on the federation's members to "[condemn and reject any plans to privatize the national rail transport company, TransNamib](#)." Muniaro "said the privatization of TransNamib, as suggested by some, would plunge the country into deeper economic crisis and would have an adverse effect on the working class. (...) Muniaro says some leaders are trying to place the burden of unemployment, poverty, lay-offs, privatization and the commercialization of public enterprises, such as TransNamib, Air Namibia and RCC, on the shoulders of workers."

**Nigeria:** Twenty anti-corruption organizations, including **Nigerians Unite Against Corruption**, are threatening to sue the government for its \$15 billion proposal to repair, expand and manage Port Harcourt refinery [under a no-bid project run by Italian oil giant ENI and its Nigerian subsidiary Agip Oil Company](#). **The project is under the government's energy infrastructure privatization program.**

**Nigeria:** **ActionAid**, the international development organization, [says the privatization of Nigeria's power sector has failed and should be reviewed by the Federal Government](#) if it wants the country to make progress in the electricity industry. Speaking at a press briefing on the state of the nation after the agency's 9th Annual General Meeting in Abuja, "**the ActionAid's Country Director, Mrs. Ojobo Atuluku**, described the privatization as an act of injustice to Nigerians by the Federal Government. She said, given the relevance of electricity to the growth of industry and sustenance and survival of the SMEs, the government can no longer abandon its responsibility of ensuring that the critical sector of power management works."

**Rwanda:** Aimé Muzora, the director of planning at the Ministry of Infrastructure, [says government policy is to privatize rural water networks](#) "to be managed by private operators," and says "there is need for more partnerships."

**South Africa:** Ann Crotty, a columnist for *Business Day*, writes that "state ownership may still be best." The issue is [to improve performance of publicly-owned companies](#). "There is also the matter of **the doubtful benefits of privatization**. Not only does it diminish government's ability to influence the economy but benefits tend to accrue to a handful of people. Telkom looks strong now, but it went through a rocky period that began with a suspect BEE transaction that made a few individuals very wealthy. Iscor, whose privatization began in the 1990s, has benefited none more than the Mittal family. **Recent research by the University of Greenwich in the UK suggests easy assumptions about the benefits of privatization may be misplaced.** It found that consumers in England were paying R2.3bn/year more for their privatized water and sewerage system than if the utility had remained in state hands. The nine regional water and sewerage companies have invested no significant new shareholder equity but have extracted nearly all of their post-tax profit as dividends. Debt has been accumulated to finance infrastructure. There are no easy ways to avoid the tough lessons we have to learn."

**Tunisia:** The same company behind the crisis-ridden I-69 '**public private partnership**' in Indiana, [has now reportedly disrupted a major road project in Tunisia](#). "Tunisia is not the first government to back out of a contract with Isolux Corsan in recent months. **Bolivia cancelled contractual guarantees on a project worth more than \$150 million last month after a subsidiary of the company reportedly failed to meet deadlines.** Officials in Bloomington have voiced concern in recent months about the future of Isolux Corsan. The state of Indiana hired the company to build and maintain 21 miles of I-69

between Bloomington and Martinsville for 35 years. For now, city officials say subcontractors are continuing to work on the road project, which is behind schedule.”

## Asia Pacific

**Australia:** **Public Services International sub-regional secretary Michael Whaites** says the people of Shellharbour [have the right to reject the part-privatization of their hospital](#). “Port Macquarie Base Hospital in NSW, Victoria’s La Trobe Hospital and South Australia’s Modbury Hospital were among the litany of failures - all having to be eventually bought back by state governments. ‘Just because it’s private doesn’t mean it’s more efficient. ...Seven hospitals around the country have gone into a public-private partnership (PPP) and have failed,’ Mr. Whaites said. ‘When Port Macquarie was run by a private operator, the elective surgery wait time was double the state average and costs were 20 per cent higher.’ At La Trobe the company experienced losses of \$6.2 million and the government had to take it back ... at Modbury there was a \$2 million loss for that company.”

**Australia:** The Public Service Association is [celebrating its win to keep the New South Wales prison system in public hands](#). “That a Government hell bent on privatizing everything has decided not to sell off the John Morony prison is an enormous win for public safety in NSW,” said PSA General Secretary, Stewart Little. **The PSA has argued that privatization means a lack of transparency and creates breeding grounds for radicalization and fight clubs.** ‘The NSW public prison system boasts the best officers in the world who, to their enormous credit, successfully manage a grossly overcrowded system, which houses 13,000 inmates in a situation designed to accommodate 10,000.’ Long-time PSA delegate [Nicole Jess has been elected chair of the Prison Officers Vocational Branch \(POVB\)](#), making her **the first woman to head a prison officer union in Australasia**.

**Australia:** Former teacher Fiona Phillips writes an [opinion piece](#) calling on the federal government to guarantee public TAFE [technical and further education] funding **and put a stop to their “privatization agenda.”** Phillips, the Labor candidate for Gilmore, wrote “I am immensely glad that a Shorten Labor Government has already committed to guarantee that every two out of three dollars raised in vocational education funding will go to public TAFE. The Liberal Government needs to also guarantee public TAFE funding and they need to stop their TAFE privatization agenda. **We are already at the stage nationally where TAFE is almost a minority provider (50.3%).** Nationally more than 10,000 TAFE teachers have lost their jobs, many in our local areas. This has to change. TAFE is too good to lose.”

**Australia:** [Protestors fear privatization of welfare as Cashless Debit Cards are introduced](#). “Kathryn Wilkes organized the protest via the [No Cashless Debit Card for Hinkler page on Facebook](#). The page has garnered more than 1000 likes in three weeks. Ms. Wilkes and other opponents of the card were **concerned it would affect a wide net of Bundaberg residents on welfare via trigger payments** including family tax benefits and supplements, which is how trials of the card operated in Ceduna, Kununurra and Wyndham.”

**Australia:** The World Bank and the International Competition Network (ICN) have given the Australian Competition and Consumer Commission (ACCC) an award for its work [exposing privatizations that undermine society](#). (p. 4) “The ACCC won the award for its advocacy work in promoting pro-competition measures [when governments are privatizing public assets](#). The ACCC has been advocating that when privatizing infrastructure assets, governments should not restrict future competition to these assets, and that infrastructure monopolies need appropriate up front regulation.”

**New Zealand:** [The government is proposing to raise the superannuation entitlement \(aged pension\) age from 65 to 67](#). The change is “scheduled to be phased in between 2037 and 2040, but could easily be brought forward as the underlying economic crisis deepens. Legislation for the change will be introduced in 2018, following this September’s national election. (...) The announcement represents a further escalation of the austerity measures implemented over the past decade. As in Europe, the US and Australia, the full burden is being imposed on the working class. The government has cut thousands of public sector jobs, increased the regressive Goods and Services Tax (GST), **privatized companies, starved health and education sectors of funds** and pushed thousands of vulnerable people off welfare.”

**New Zealand:** As rumors intensify that the government **intends to privatize the port of Auckland**, [Mike Lee, councilor and former chair of the Auckland Regional Authority](#), reviews the history of the last privatization attempt and then the successful

public insourcing of the port. “The port company is **Auckland’s premier strategic asset**—owned by the people of Auckland, it was built and handed down to us by earlier generations of Aucklanders. **It pays the council a dividend of \$40-\$50 million per annum.** Unfortunately, Phil Goff’s equivocating ‘denials’ of what was discussed at a secret meeting last week with the port company chair and CEO (the contents of which were leaked to the media) have only served to fuel the rumors. And Goff’s repeated comments about wanting to move the port have only added another element of confusion.”

**New Zealand:** Tina Smith, a lecturer in nursing at Palmerston North's UCOL and a member of the national council of the Tertiary Education Union, warns against [creeping privatization of the tertiary sector](#). “A government-sponsored amendment to the Education Act has the potential to adversely affect one of Palmerston North's major industries, Smith said. ‘In 2011 to 12, the Government brought in contestable funding for level 1, 2 and then level-3 courses, and **polytechs had to compete with private training establishments (PTEs), who set themselves up with taxpayer funds.**’ Smith said UCOL, along with most other polytechs in New Zealand, was deprived of its lower-level courses, while Palmerston North lost out completely to Auckland-based providers. (...) Smith said the Education (Tertiary Education and Other Matters) Amendment Bill before Parliament **amounts to privatization of the tertiary sector.** Under the legislation, PTEs become independent training establishments and are given equal rights to taxpayer dollars.’ **Multi-nationals will come in, suck the profit out, and won’t be meeting our education needs.**”

**Thailand:** Teera Phutrakul of the Institute of Directors calls for the “[full privatization](#)” of state-owned enterprises. But **Alexandre de Juniac, director-general of the International Air Transport Association (IATA)**, says that although Suvarnabhumi Airport is facing serious bottlenecks, “[privatization of airports and aviation infrastructure in some countries has failed to deliver](#)” the promised benefits, as passengers and the economy continue to suffer from high costs. (...) **‘Many cash-strapped governments see privatization as the solution to infrastructure funding. They should be cautious.** The concessionaire makes money. The government gets its cut. The airlines pay the bill—usually a big one. And passengers and the local economy suffer the results of higher costs.”

**Vietnam:** Nguyễn Thành Phong, chairman of the People’s Committee, says [Ho Chi Minh City will expand its support for “public-private partnerships.](#)” An official from the HCM City Finance and Investment State-owned Company (HFIC) said “administrative procedures are still cumbersome and take a lot of time while most PPP projects are huge and need to be begun quickly.” He also “complained about the shortage of land to pay developers for build-transfer (BT) projects, meaning undertaking such projects is difficult.” HCM City officials have also called for [better management of public lands.](#)

## Inter-America

**Bahamas:** The Minnis administration says [it will privatize the Produce Exchange](#) as part of an effort to boost links between agriculture and tourism. “**Tax incentives and concessions will be introduced** to encourage Bahamian farmers and farming cooperatives throughout the country to promote sustained production and packaging initiatives and to ensure the continuous supply of quality products.”

**Bolivia-Chile:** A dispute affecting international commerce has broken out between the two countries [over the privatization of the ports of Arica and Antofagasta](#), which has “caused the loss of the ‘commercial sovereignty’ to which Bolivia is entitled, according to the development of modern international law.”

**Brazil:** The **Confederation of Municipal Workers of the Americas (Contram-ISP)** [condemns the Temer government for its repression](#) of the May 24 demonstration in Brasilia called by Brazil’s trade union centrals and social movements. **Contram-ISP President Paula Leite** said “the successful general strike of April 28 and the occupation of Brasilia on May 24 were unmistakable demonstrations of our capacity for struggle. Despite the repression, we will continue to struggle. We are calling on the trade union movement and other social movements to denounce the abuses that are being committed and to join us in the struggle for democracy, direct elections and [against] the withdrawal of rights.”

**Canada:** The **Ontario Health Coalition** has released [a report on private healthcare clinics](#) and how they are a threat to Canada’s public Medicare system. “The report calls on federal and provincial governments to recommit themselves to the Canada Health Act, to **stop illegal health fees for patients and to impose penalties on provinces that don’t protect their residents.** The report also calls for provincial governments to **put a halt on the privatization of public and non-**

**profit hospital services**, increase hospital capacity and increase health funding. The report also recommends that **governments at all levels must protect public health care from international trade agreements through a general carve out for all healthcare services. Private for-profit clinics are cutting a second tier into Canada's public healthcare system**, a representative with a provincial healthcare watchdog group says. And, in many cases, what they're doing is illegal, said Peter Boyle, a volunteer with the Ontario Health Coalition."

**OPSEU President Warren (Smokey) Thomas** says "these private clinics should not be profiting off the sick and elderly. It's outrageous and unethical, and that's why [we will continue to fight against privatization in all its forms.](#)" [\[Report\]](#)

**Canada:** Ontario's branch of **We Own It**, an international anti-privatization movement that began in the U.K. and is active in Australia, [is organizing to stop the Canadian province from privatizing public services and assets.](#) "Our campaign is geared toward educating the public as to what is going on in the province and stopping the further sell-off of our assets," mobilizer Andrea Gordon said. "**We have a petition with almost 40,000 supporters** who have signed onto the campaign, and it's growing. It's turning into a movement."

**Chile:** The fact that **Chile's pension system has been privatized** is contributing to [the enormous amount of money being placed by Latin American citizens in offshore tax havens.](#) "A total of US \$ 1.5 trillion belonging to Latin American citizens is invested in tax havens, equivalent to almost 28% of the region's wealth, according to the Global Wealth Report 2017 released by The Boston Consulting Group (BCG)."

**Guatemala:** Alfonso Yurrita traces [the evolution of neoliberalism, public services and water management](#) over recent decades, concluding, "**and so we end with the privatization of government works and corruptocracy**, along with climate change: hurricanes, tornadoes and storms that produce high temperature and evaporation."

**Mexico:** Interviewed by PSI, **SUTGDF president Juan Ayala Ribero** says [the fight against privatization was part of the successful struggle for a new constitution for the federal capital.](#) "We also managed to include **clauses excluding any form of privatization of public services**, which the constitution recognizes to belong to the citizens. So we have **excluded any participation by private capital or privatization in the form of public-private partnerships** or commercial agreements such as TISA and TPP. The constitution recognizes that water is an irrevocable and non-negotiable human right and that Mexico City has the duty to guarantee water to all its citizens." Ayala Ribero also said "**we are very worried about the wave of privatization affecting essential services in many countries, services that have traditionally been examples of the defense and promotion of public services**, especially in Europe."

**Mexico:** [Environmental activists take to the streets in Tijuana, Baja California](#), to mark a UN Environment Program campaign on clean seas. They also denounced Trump's withdrawal from the Paris climate agreement as a "disgrace." Among the protestors' signs: "**No to the privatization of water in Baja California.**"

**Mexico:** El Colegio de la Frontera Norte, the prestigious research institute, organizes a conference on "[Strategies for Recruiting Highly Qualified Migrants \[in\] Countries of the Global North.](#)" Fernando Lozano Ascencio, a researcher at the multidisciplinary Regional Research Center UNAM, noted that, with companies making the decisions, "**we are witnessing a privatization process of migration.**"

**Puerto Rico:** The psychiatric hospital in Rio Piedras is in crisis. **Ricky Díaz, delegate general of the UGT in [the Administration of Mental Health Services and Addiction (ASSMCA)]** lamented that besides the overcrowding of patients and inadequate drugs, other failures identified by the Joint Commission include failure to care for the emergency room of the hospital, which is served by a private contractor. "[Diaz drew attention also to the possible privatization of the system through the creation of public-private partnerships.](#) 'We are concerned about how it would be implemented and how it will affect employees,' he said."

**United States:** As Donald Trump rolls out **his privatization-based infrastructure plan**, critics push back on efforts by his minions, led by former Goldman Sachs executive Gary Cohn, [to use the so-called Australian Asset Recycling Model as a template](#) for "public private partnerships."

**Uruguay:** A labor dispute [over the privatization of health care coverage for unionized workers of the state oil company Ancap](#) is affecting fuel supplies. Uruguay imports 100% of its fossil fuels and Ancap operates the only oil refinery in the country.

## Europe

**Italy:** In a new report on the economy, the [IMF is pushing Italy to move faster on privatization of public services and the public sector](#). “The fund said the implementation of key parts, such as improving public management or **regulating local public services**, has been delayed, while others, including plans to make state-owned enterprises more efficient, have been weakened. The fund said pushing ahead on these, as well as improving the skill mix of the public sector, widening the scope of procurement reform, and tackling privileges and employment in public enterprises—**through privatization and subsidy cuts**—were key to fostering growth.”

**Spain:** The **Secretary General of CCOO de Cordoba, Marina Borrego**, and her counterpart for the Health and Sociosanitary Sectors, José Damas, [met with Cordoba officials to share the visions of their organizations on health in the province](#). The main demands of the union focus on “strengthening services closer to citizens, optimizing resources and **fighting against the privatization of health.**”

**Spain:** The Guadalajara City Council **will raise the price of water by 15 percent because of nearly three million euros to be paid to the Guadalagua company**, which manages water services since its privatization. “The contract award set the minimum annual consumption of the city of six million cubic meters and granted the company the right to claim compensation [from] the City [for] lost income if the actual consumption was below that amount. ‘So far, no year has come even close to that figure,’ said Socialist Councilor Victor Cabeza.” [Agencia EFE—Castilla La Mancha, 7 June 2017].

**United Kingdom:** **Retired probation officer Margaret Locklan** writes in to the *Newcastle Journal* to detail the awful state of the probation service since it was partly privatized. “Most of the community rehabilitation companies are huge international companies with no experience of the justice system, such as Sodexo, which is failing to control one of the first privatized prisons - HMP Northumberland. The Probation Service, until privatization, was the only public service which had achieved a gold standard award for the quality of work. Since the changes, huge numbers of probation staff have lost their jobs, with a reduced intake replacing them in many cases, with unqualified and inexperienced staff, on lower wages, many on short term agency contracts. Offices have been sold and replaced by unfit-for-purpose buildings, open plan, shared with other organizations, no privacy for interview, no protection of staff and public; IT systems have been changed and are not working properly. Court reports are becoming increasingly oral and no longer have the detail required for magistrates to impose appropriate sentences. It is more difficult to assess domestic abuse, and perpetrators are often allowed to return to the abused family.” [Newcastle Journal, 14 June 2017]

**United Kingdom:** [The City of Bradford is hiring the for-profit company 3GS to enforce municipal rules](#) on “litterbugs and even those caught spitting in public.” **But the idea of privatizing the service has met with concern** from some, including the local Bradford District Chamber of Trade. “Val Summerscales, secretary of the Chamber of Trade, said: ‘We would obviously welcome any attempt at improving the city centre. We don’t like to see litter in the city centre, we don’t like to see people spitting and we don’t like anti-social behavior. **But it begs the question why it’s deemed that the existing council workers are not able to deal with that, and why a private company is being brought in.**’ Mrs. Summerscales said she wanted to know whether any council wardens would lose their jobs. She also said it would be crucial, if they didn’t want to put people off visiting the city centre, that the company struck the right balance by targeting persistent litter-louts rather than punishing people making innocent mistakes. She said: **‘We want to see them being effective, but not if they are going to be really bombastic about it and issue fines where fines are not necessary, just to fund the organization they work for.’**”

[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.