



**PUBLIC SERVICES  
INTERNATIONAL**

*The global union federation of workers in public services*

ENGLISH



**Taking our**

**Public Services**

**Back in House**

**A REMUNICIPALISATION GUIDE**

**FOR WORKERS AND TRADE UNIONS**

# ACKNOWLEDGMENTS

The idea of this guide came from Daria Cibrario and from Dr. Emanuele Lobina and of a lot of the content was inspired by Emanuele Lobina's research and extended conversations with both of them. Thanks is also due to Dr. Jane Lethbridge, Prof. David Hall, Prof. Sian Moore and two anonymous reviewers for reading earlier versions of this guide and who contributed with their helpful comments and suggestions. Finally, this guide would not have been possible without the invaluable knowledge of the workers and trade unionists who contributed through presentations at PSI's events, let us interview them and commented on parts of the report.

## **Taking our public services back in house A remunicipalisation guide for workers and trade unions**

**This report was commissioned by PSI to Dr. Vera Wegmann, University of Greenwich (v.wegmann@greenwich.ac.uk) in March 2020**

© **Public Services International June 2020**

© **Cover illustration CC 2.0 Jeanne Menjoulet. Civil servant's strike & demo in Paris 10th October 2017.**



©José Camó

## PREFACE

**P**rivatisation is a 50-year experiment that has failed dismally in almost all counts. Overall, private delivery of services is not cheaper, not more efficient, not more innovative, more transparent, accountable, or effective than public service delivery. The Covid-19 crisis has revealed how unpreparedness and unsafe conditions for workers and patients in privatised health and social care facilities lead to higher human and social cost than in the public services.

A growing body of research and documentation shows that privatised services are being returned to public ownership and control. Cities, regions, communities, and some states are bringing public services back from private to public ownership due to the failure of privatisation to keep its promises in term of cost effectiveness, service quality and user access. Fresh research by the Transnational Institute shows 1,400 successful cases of bringing public services back from private ownership and/or management involving 2,400 cities in 58 countries.

PSI encourages remunicipalisation and has been supporting this process for years, working with a coalition of allies, under the umbrella of our Quality Public

Services mandate. Trade unions are aware of the challenges for workers in the transition and are engaged to protect their terms and conditions of employment.

Each remunicipalisation case is unique due to specific local and national jurisdictions, political systems and social movements that underpin it.

The growing remunicipalisation experience trade unions are accumulating will allow peer learning and help to successfully address challenges. As the world prepares for a post-Covid-19 order, there is a unique opportunity to reclaim a central role for substantial investment and rebuilding of quality public services for all, and remunicipalisation is an option for governments to do so. This trade union guide provides timely, extensive analysis and case studies to support PSI affiliates in the process of reclaiming public service ownership and control in the common interest.

**Rosa Pavanelli**  
General Secretary

# CONTENTS

<b>1. Introduction</b>	<b>6</b>
1.1. Purpose of this guide	6
1.2. Methodology	8
1.3. How this guide is organised	9
<b>2. Remunicipalisation: background and definitions</b>	<b>10</b>
2.1. Definitions	10
2.2. Remunicipalisation: a global trend	11
2.3. Privatisation trends	12
<b>3. Remunicipalisation drivers</b>	<b>15</b>
3.1. Reasons for bringing our public services back in house	15
3.2. When to remunicipalise	16
3.2.1. After contract expiry	16
3.2.2. Following early contract termination	17
3.2.3. Following private company withdrawal or bankruptcy	18
3.3. Sectorial dimensions of remunicipalisation	18
3.3.1. Water	18
3.3.2. Energy	19
3.3.3. Transport and infrastructures	20
3.3.4. Waste	21
3.3.5. Health and social services	22
3.3.6. Other services	23
<b>4. Using remunicipalisation to build public services that work for communities, workers and the environment</b>	<b>26</b>
4.1. Benefits of public service remunicipalisation	26
4.2. Benefits for citizens, service users and communities	27
4.3. Benefits for workers	28
4.4. Benefits for local authorities	29
4.5. Benefits for the environment	30

<b>5. Remunicipalisation: a worker and trade union issue</b>	<b>32</b>
5.1. Why remunicipalisation is a trade union issue	32
5.2. Documenting and exposing the damages of privatisation	33
5.3. Building community campaigns to reverse privatisation	34
5.4. Promoting public authority support for remunicipalisation	35
5.5. Maintaining union cohesion	36
5.6. Checking the legal and collective bargaining frameworks	36
5.7. Securing a fair deal for workers	37
5.8. Transferring capacity, skills and know-how to run the in-sourced service effectively	38
5.9. Locking in remunicipalisation	39
<b>6. Countering private company resistance</b>	<b>42</b>
6.1. Private company tactics	42
6.2. Compensation threats	42
6.3. Legal threats	44
6.4. Corporate influence on workers and unions	44
6.5. The role of the media	45
<b>7. Innovative forms of public service delivery and financing</b>	<b>47</b>
7.1. Public services that work for the people	47
7.2. “Anchor institutions” – public institutions with leverage	47
7.3. Public-Public Partnerships	48
7.4. Participatory budgeting	50
7.5. Cooperatives’ participation	50
<b>8. Conclusions: summary of lessons learnt</b>	<b>52</b>
<b>9. A remunicipalisation check-list for workers and trade unions</b>	<b>55</b>





Demonstration in Lagos, Nigeria

# 1.

## Introduction

### 1.1. PURPOSE OF THIS GUIDE

**T**his report was commissioned by Public Services International (PSI) to provide guidance to workers, trade unions and allied civil society groups interested in taking back public services into public ownership and control. In particular, this guide provides an overview of the relevant stages of remunicipalisation - the return of privatised public services into public ownership on a local and regional level – and distils lessons learnt from case studies of remunicipalisation (and municipalisation) from the standpoint of trade unions.

There is growing evidence worldwide that public service privatisation is not working. It is not the most effective use of public resources, does not deliver quality public services for users and puts profit before the needs of communities and

the environment. Moreover, privatisation has increased the fragmentation and precariousness of public service employment, has caused job cuts that damage services and resulted in a decline in trade union membership and collective bargaining. Remunicipalisation can offer opportunities to reverse these trends.

A compendium of 50 remunicipalisation case studies across the world spanning different sectors draws out the lessons that trade unions, their members and civil society allies have learnt through campaigns for remunicipalisations in their local communities (see **Table 1**, see the **appendix**)<sup>1</sup>. Specific attention is paid to the trade union perspective in this exercise. For this reason, eight remunicipalisations (highlighted in the list below) are analysed in more detail to support trade unions strategies in future campaigns for insourcing.

**TABLE 1: LIST OF CASES IN THE COMPENDIUM TO THIS GUIDE**

	<b>Sector</b>	<b>Country</b>	<b>City/region</b>	<b>Status</b>	<b>Level of insourcing</b>
1	Energy	Germany	Berlin	Successful	Remunicipalisation
2	Energy	Germany	Hamburg	Successful	Remunicipalisation
3	Energy	Germany	Stuttgart	Successful	Remunicipalisation
4	Energy	Germany	Wolfhagen	Successful	Remunicipalisation
5	Energy	Lithuania	Lithuania, Vilnius	Successful	Remunicipalisation
6	Energy	UK	Nottingham	Successful	Municipalisation
7	Energy	Tanzania	Tanzania, Dar es Sa-laam	unsuccessful	
8	Health Care	Australia	Victoria	In progress	Remunicipalisation
9	Health Care	Luoyang	China	In progress	Remunicipalisation
10	Health Care	Denmark	South Denmark	Successful	Remunicipalisation
11	Health Care	India	Delhi	Successful	Municipalisation
12	Health Care	UK	Hinchingbrooke	Successful	Remunicipalisation
13	Health Care	UK	Somerset	Successful	Remunicipalisation
14	Infrastructure	Canada	Montreal	Successful	Remunicipalisation
15	Infrastructure	UK	Cumbria	Successful	Remunicipalisation
16	Social Care	Denmark	Syddjurs	Successful	Remunicipalisation
17	Social Care	Norway	Bergen	Successful	Remunicipalisation
18	Social Care	Norway	Oslo	Successful	Remunicipalisation
19	Transport	Canada	Fort McMurray	Successful	Remunicipalisation
20	Transport	UK	London	Successful	Remunicipalisation
21	Transport	UK	East Coast	Successful	Nationalisation
22	Transport	Seoul	South Korea	Partial success	
23	Waste	Canada	Conception Bay South	Successful	Remunicipalisation
24	Waste	Canada	Port Moody	Successful	Remunicipalisation
25	Waste	Canada	Winnipeg	Successful	Remunicipalisation
26	Waste	Columbia	Bogota	reversed	Remunicipalisation
27	Waste	Egypt	Cairo	Successful	Remunicipalisation
28	Waste	Germany	Bergkamen	Successful	Remunicipalisation
29	Waste	Norway	Oslo	Successful	Remunicipalisation
30	Waste	Spain,	León	Successful	Remunicipalisation
31	Waste	UK,	Sheffield	Unsuccessful	/
32	Water	Argentina	Buenos Aires	Successful	Nationalisation
33	Water	Bolivia	Cochabamba	Successful	Remunicipalisation
34	Water	Cameroon	Yaunde	Successful	Nationalisation
35	Water	France	Grenoble	Successful	Remunicipalisation
36	Water	France	Paris	Successful	Remunicipalisation
37	Water	Germany	Berlin	Successful	Remunicipalisation
38	Water	Germany	Rostock	Successful	Remunicipalisation
39	Water	Indonesia	Jakarta	In progress	/

	Sector	Country	City/region	Status	Level of insourcing
40	Water	Italy	Turin	Successful	Remunicipalisation
41	Water	US	New York	Successful	Remunicipalisation
42	Water	Tanzania	Dar es Salaam	Successful	Nationalisation
43	Water	Turkey	Antalya	Successful	Remunicipalisation
44	Catering, cleaning	UK	Leicester	Successful	Remunicipalisation
45	Cleaning	UK,	Nottingham	Successful	Remunicipalisation
46	Education	India	Kerala	Successful	Municipalisation
47	Funeral services	Spain	Barcelona	In progress	Municipalisation
48	Library services	UK	Croydon	Successful	Remunicipalisation
49	Parking	Armenia	Yerevan	Successful	Remunicipalisation
50	Prisons	New Zealand	Mt Eden	Successful	Nationalisation

## 1. 2. METHODOLOGY

This research was conducted by the Public Services International Research Unit (PSIRU) in partnership with Public Services International (PSI) and draws on primary and secondary resources. A case study approach was chosen to stimulate learning on remunicipalisation. Fifty case studies were selected from different sectors and across different regions to provide trade unionists and community activists with a broad perspective on remunicipalisation. Out of the 50 cases presented in this guide 42 have already been completed, four are ongoing, two were unsuccessful and one was a partial success and in one case the remunicipalisation has been subsequently reversed (see [Table 1](#)).

Out of the 50 case studies eight cases were selected for further primary research from a trade union perspective in order to deepen knowledge in the field. Out of those six cases, five were successful remunicipalisations while in one case a full remunicipalisation could not be achieved. Additionally, primary research was conducted to learn more about the ‘Australia People’s Inquiry on Privatization’ that demonstrated the failure of privatisation on a national scale and across sectors. Original information and materials were collected through a questionnaire and interviews conducted by PSI with representatives of PSI affiliated organisations, comprising of the following cases Waste, Canada, Winnipeg (CUPE); Water, France, Paris (CGT Eau de Paris and CFDT Interco); Waste, Oslo, Norway (Fagforbundet); and

on the Australia People’s Inquiry on Privatization (PSI Asia-Pacific). In addition, PSIRU conducted interviews with PSI affiliate representatives on the following cases: Energy, Hamburg, Germany (Ver.di); Transport, South Korea, Seoul (KPTU); Water, Rostock, Germany, (Ver.di); Water, Berlin, (Ver.di); Water, Jakarta, Indonesia (various stakeholders).

Preliminary findings were presented at two international expert workshops, one in London in June 2018<sup>2</sup> and one in Geneva in December 2018<sup>3</sup>, involving trade unionists, academics and representatives of civil society groups. In both workshops PSI trade union representatives with a direct experience of remunicipalising public services and experts in the field of public service delivery provided feedback on the initial findings of the research, which was then included in the final version of this guide.

The guide, in particular chapter 5, draws on findings published in a paper titled ‘The labour dimension of remunicipalisation: public service workers and trade unions in transition’ by Daria Cibrario, part of “the Future is Public” series of the Transnational Institute (TNI)<sup>4</sup>. The guide also draws on findings that were already published in reports written by Vera Wegmann on the failure of energy liberalisation commissioned by the European Public Service Union (EPSU)<sup>5</sup>, on the financing of public transport commissioned by the International Transport Workers Federation (ITF)<sup>6</sup> and, in a jointly written report with Sandra Van Niekerk, on waste management in Africa and Arab countries commissioned by PSI<sup>7</sup>.



### 1.3. HOW THIS GUIDE IS ORGANISED

**Chapter 2** provides an overview of remunicipalisation. It addresses some fundamental questions regarding the definition of remunicipalisation; how remunicipalisation differs from nationalisation and other insourcing processes; and how far remunicipalisation is a global trend in the context of the wider pressure for privatisation of public services. **Chapter 3** outlines the motives of local authorities that have insourced services and the processes of remunicipalisation, including the timing of contract termination. **Chapter 4** highlights the opportunities remunicipalisation brings for service users, workers, the local authorities and the environment. **Chapter 5** provides guidance to trade unions on how to engage in and plan a remunicipalisation campaign, including how to address resistance from the private providers. **Chapter 6** engages with common private sector strategies used to prevent the insourcing of public services. **Chapter 7** showcases alternatives to privatisation of public services, demonstrating that public ownership provides opportunities for local financing schemes, scope for democratic control and community and worker participation. Finally, **Chapter 8** sums up the key lessons that can be learnt from the 50 cases selected in the compendium that accompanies this guide and **Chapter 9** provides trade unions and civil society groups with a checklist for planning a campaign for the remunicipalisation of a particular service. The **appendix** lists the compendium that accompanies this guide, where more detailed information is provided on each case. As outlined in **Table 1**, the cases are listed first by sector, then by country and city in alphabetical order. As the research for most of the cases is based on desk research only the information available varied significantly per case and hence the length of the cases in the compendium also differ. Additionally, the compendium includes two excerpts to highlight lessons that can be learnt from the failure of privatisation. The first one includes a case of company failure is about Carillion and the collapse of a giant private contractor in the UK (**Box 1**) and the second one draws out lessons that can be learnt from Australia's "People Inquiry into Privatisation" (**Box 2**).

1. PSI defines Local and regional governments (LRG)/municipal services as essential services in all subnational levels of government, including cities, metropolitan areas and territories. The nature of LRG services varies depending on countries' constitutional arrangements, and can include public administration; public utilities (such as water and sanitation, electricity, and solid waste); public transport; public space maintenance; social, culture and education services (libraries, museums, kindergardens, schools and universities) as well as health and social services. Fire-fighters, emergency, medical first responders and municipal police can also fall within LRG services. See more at: <https://publicservices.international/resources/page/local-and-regional-governmentmunicipal?id=9511&lang=en>.
2. SI-PSIRU Remunicipalization Steering Committee, 28 June 2018, Univeristy of Greenwich, Greenwich UK
3. PSI Global Labour Remunicipalisation Conference, 4-5 December 2018, ILO, Geneva, Switzerland.
4. Cibrario, D. (2019) The labour dimension of remunicipalisation: public service workers and trade unions in transition', working paperTNI.
5. Weghmann, V. (2019) Going Public: A Decarbonised, Affordable and Democratic Energy System for Europe. The failure of energy liberalisation. European Public Services Union (EPSU).
6. Weghmann, V. (2019) People's Public Transport Policy. Public Financing. International Transport Workers Federation.
7. Van Niekerk, S. and Weghmann, V. (2019) Municipal Solid Waste Management Services in Africa and Arab Countries. Public Services International.

# 2.

## Remunicipalisation:

## Background and Definitions

### 2.1. DEFINITIONS

‘**Privatisation**’ is generally understood as the change from public to private ownership of assets, outsourcing of public services, and public-private partnerships (PPPs). Indeed, concessions, lease contracts, Build Operate and Transfer (BOT) contracts and other PPPs are all forms of privatisation and mean the partial or full transfer of management control – and sometimes ownership – of public services to the private sector<sup>1</sup>.

‘**Remunicipalisation**’ is the return of public services from private control and/or ownership in any form to full public ownership, management and democratic control. Remunicipalisation means that municipalities and regional governments take back privately owned and/or managed services that are commissioned, under concession or funded by public bodies. The term thus emphasises the “sub-national” dimension of bringing public services back into public ownership in territories and communities. In some cases, this can include people and community-led public bodies such as public cooperatives (see for example *Case 4. Energy, Germany, Wolfhagen*). However, no matter what form public ownership takes, a

remunicipalised service must fulfil the principle of universal access, meaning that all residents can benefit from the service. This is especially relevant when public services are delivered through a cooperative. Those responsible for commissioning the services must ensure that everyone in the municipality benefits from the service rather than just limiting access to the service to the members of the cooperative (see also section 7.5).

This guide also includes examples of ‘**municipalisation**’ in which local or regional governments have established new municipal companies within liberalised public service markets to make a particular public service available, better or cheaper. This is especially common in the energy sector (see *Case 2. Energy, Germany, Hamburg*; *Case 6. Energy, UK, Nottingham*), but also takes place in other services (see for example *Case 11. Health Care, India, Delhi*; *Case 47. Funeral services, Spain, Barcelona*).

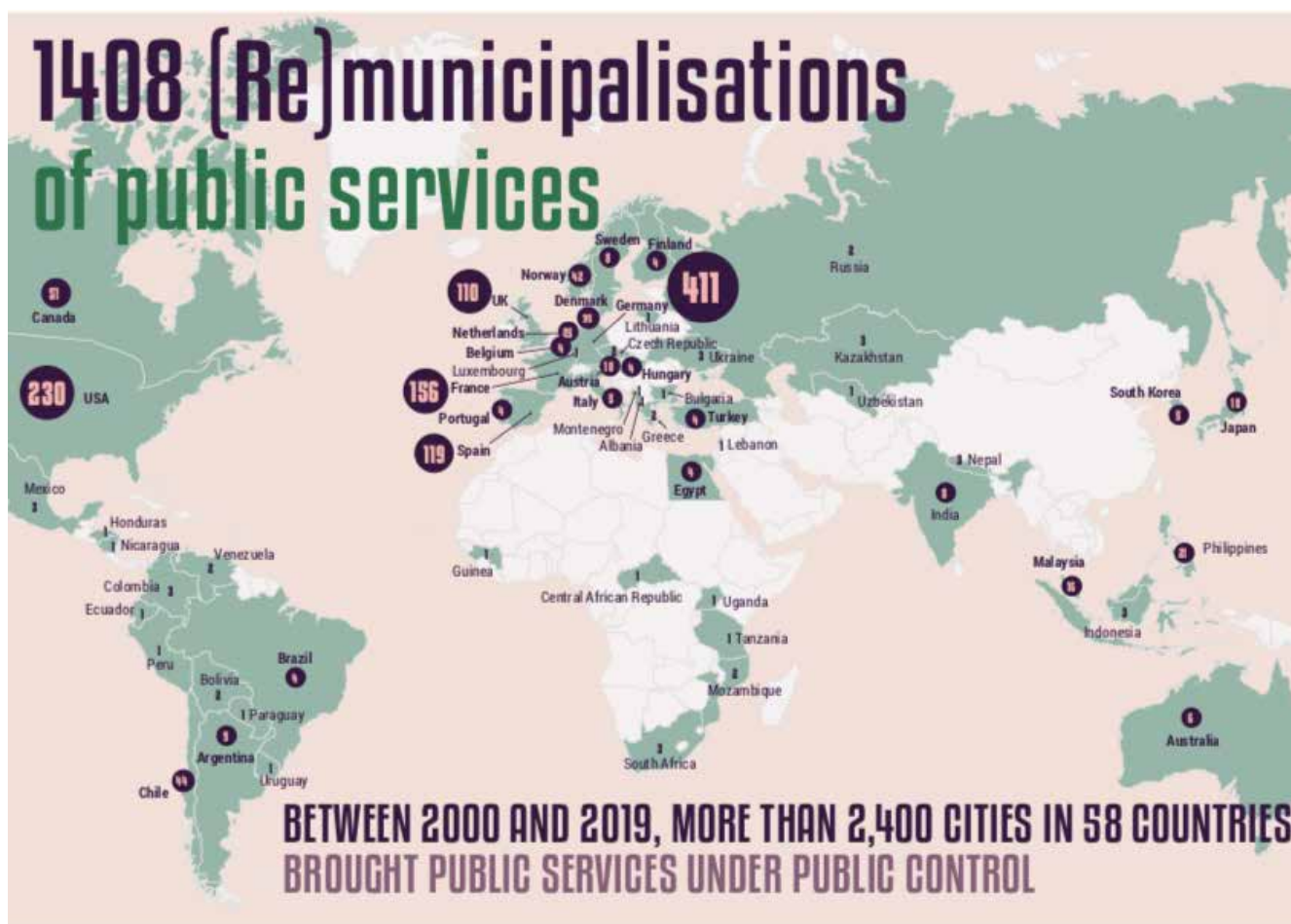
‘**Public Sector Insourcing**’ refers to public service transfers back from private to public ownership, management and control at all administrative levels, from the municipal to the national level. This guide will therefore use both

terms ‘remunicipalisation’ and ‘public sector insourcing’ to refer to the return of privatised public services to public ownership and control. While the term remunicipalisation is only used to refer to local and regional services, public sector insourcing is used regardless of whether this change takes place at municipal or at the national level. While the emphasis is on the local level the guide also includes examples of nationalisations. This guide is only concerned with the insourcing back into the public sector, hence the term public sector insourcing is used. However, outsourcing can happen on multiple levels and one private company can in turn outsource parts of their service to another private company. As such, insourcing can also describe the process of the prime company taking back a whole service under its control.

## 2.2. REMUNICIPALISATION: A GLOBAL TREND

More than 1,400 (re)-municipalisation cases were identified since the year 2000 involving more than 2,400 cities in 58 countries (See [Figure 1](#))<sup>2</sup>. This figure is likely to be an understatement as most remunicipalisations are not publicly recorded and therefore unknown. It is also clear that this figure is constantly rising as more local authorities decide to take back control by insourcing public services. In the United Kingdom, between 2016-2018 at least 222 local government contracts were remunicipalised<sup>3</sup>. While most remunicipalisations are happening in high income countries, increasingly public services are being brought back under public ownership in low- and middle-income countries.

FIGURE 1: REMUNICIPALISATION CASES 2019



Source: Kishimoto, S. and Petitjean, O. (eds) 2019. The Future is Public. Transnational Institute.

There are various reasons why remunicipalisation has so far been most widespread in high-income countries. Many countries in the global North have a history of localised service provision, while in emerging countries public services have been more centralised. In Latin America, for example, there has been some large-scale public service renationalisation, such as in electricity, telecommunication, municipal waste and postal services. This was mostly motivated by service user and local government dissatisfaction with the poor quality of private operator service delivery and by the desire to regain control over the cost and quality of public services<sup>4</sup>. Campaigns for remunicipalisation in Europe need to be seen within the wider context of the defence of public services in the wake of austerity and budget cuts<sup>5</sup>.

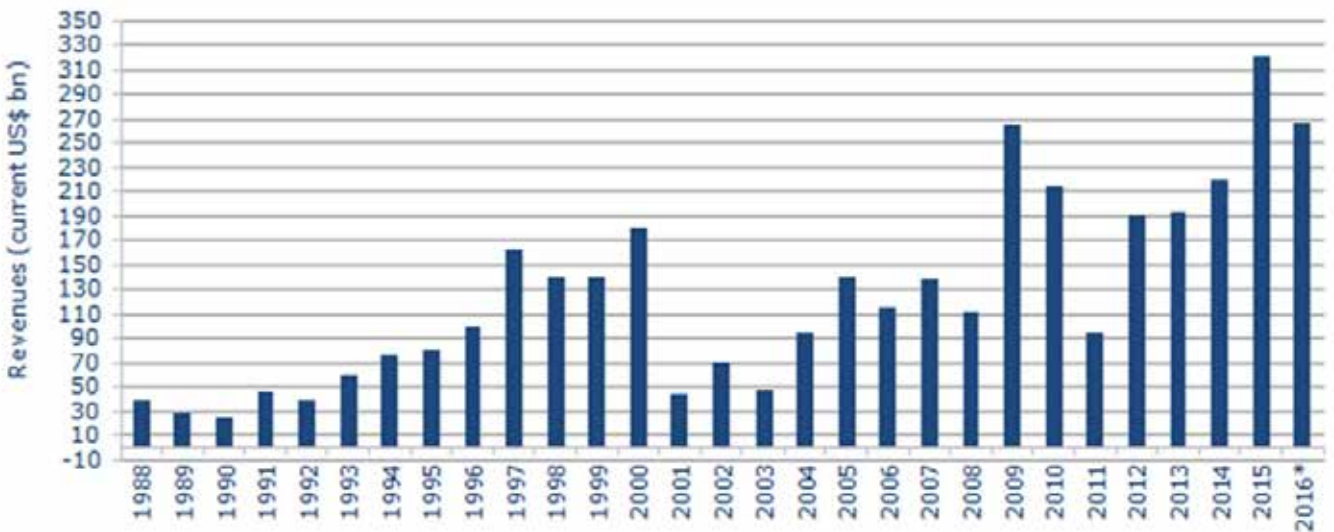
**2.3. PRIVATISATION TRENDS**

In 2018, in a report on poverty and human rights, the United Nations concluded that: *“Privatisation often involves the systematic elimination of human rights protections and further marginalization of the interests of low-income earners and those living in poverty.”*<sup>6</sup>

Yet the privatisation of public services continues to be encouraged across the globe by governments and international organisations, especially widespread are privatisations in the form of Public-Private-Partnerships (PPP). A PPP is a contract between a government and a private company under which a private company finances, builds, and operates some element of a public service; and gets paid over a number of years, either through charges paid by service users (often called a concession), or by payments from the public authority, or a combination of both<sup>7</sup>.

As **Figure 2** shows, worldwide, privatisation is increasing. The global revenues from privatisation in 2015 and 2016 – the latest figures that are available - were higher than ever before. The bulk of privatisation is happening in China which raised \$173.2 billion (€158.4 billion) during 2015, and \$148.0 billion (€134.0 billion) during 2016<sup>8</sup>. In terms of infrastructure projects the support for PPPs seems to be stronger than ever (see **Figure 3**)<sup>9</sup>. Investments in PPPs have grown in absolute terms since 1991. This growth in PPPs was unaffected by the global financial crisis as many countries made use of PPP infrastructure projects to boost investment. While there was a decline of

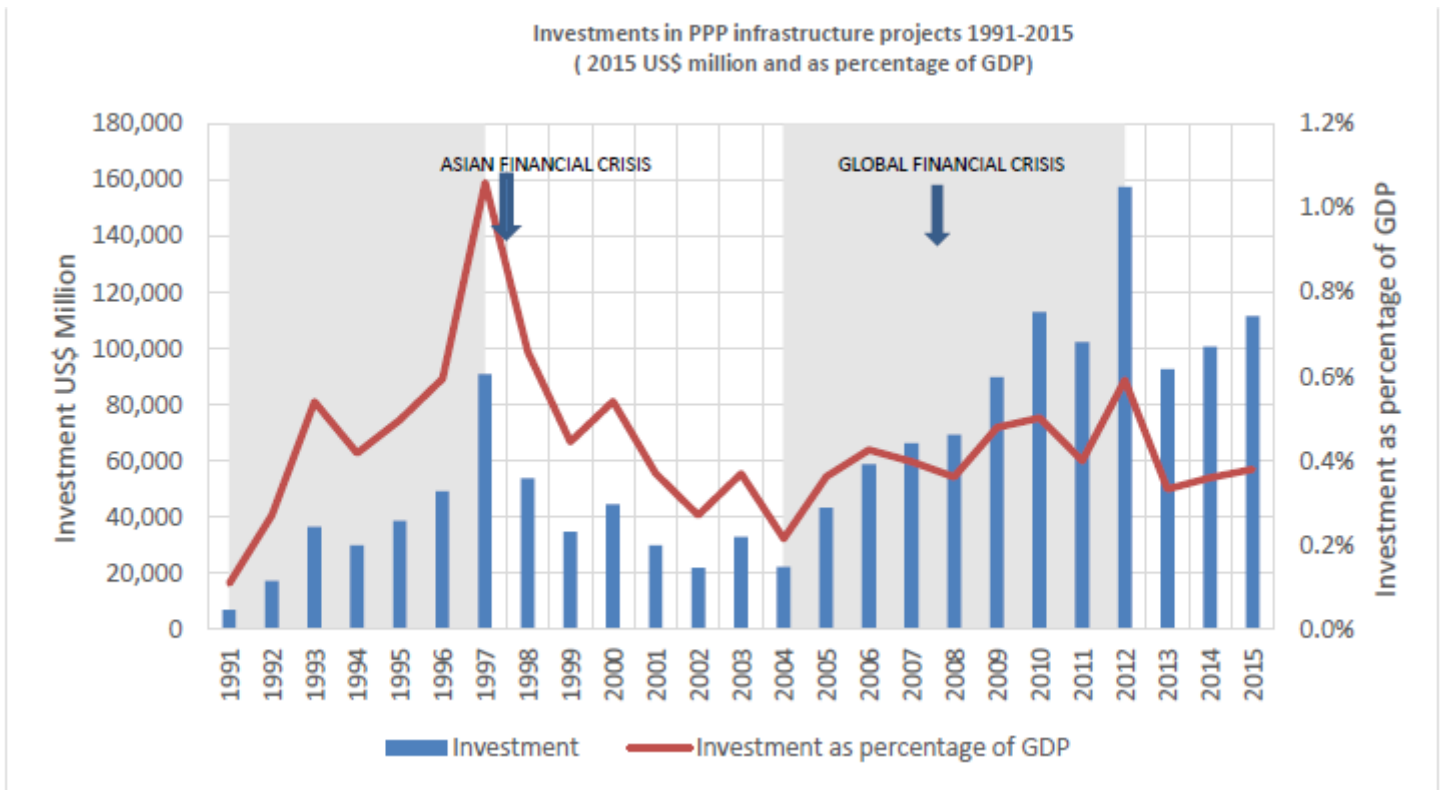
**FIGURE 2: WORLDWIDE REVENUES FROM PRIVATISATIONS 1988-2016**



Source: Privatization Barometer (\*preliminary results)



**FIGURE 3: INVESTMENTS IN PPP INFRASTRUCTURE PROJECTS, 1991-2015**



Source: PPI Database, World Bank, as of November 2015.

PPPs in 2013, mainly due to a slowdown in PPPs in Brazil and India, investments in PPPs have been growing worldwide<sup>10</sup>.

Privatisation has been actively promoted by highly resourced and influential institutions and organisations like the World Bank, the International Monetary Fund (IMF), the European Commission, the Organisation for Economic Co-operation and Development (OECD) as well as by private interests entrenched in multinational corporations, private equity firms, think tanks and other private investment groups. They promote neo-liberal, market-led approaches to public service provision, a vision of minimalist state intervention and reform of the public sector because of its alleged inefficiencies. According to the World Bank

*“PPPs can bring greater efficiency and sustainability to the provision of public services such as*

*energy, transport, telecommunications, water, healthcare, and education. PPPs can also allow for better allocation of risk between public and private entities<sup>11</sup>”.*

In contrast, public service remunicipalisation is generally supported by civil society organisations, community and grassroots organisations, social and civic movements, trade unions as well environmental coalitions. These social forces define public services as a public good, funded by progressive taxation and underpinned by the principles of universal user access, quality, sustainable financing via public banks and profit reinvestment, decent employment and participatory/democratic control. Some mayors, municipalities and local authorities – at times regardless of their political colours – have also promoted public service remunicipalisation (see section 5.4).



1. Hall, D. (2015) Why Public-Private-Partnerships don't work. The many advantages of the public alternative. Public Services International. Available at: [http://www.world-psi.org/sites/default/files/rapport\\_eng\\_56pages\\_a4\\_lr.pdf](http://www.world-psi.org/sites/default/files/rapport_eng_56pages_a4_lr.pdf)
2. Kishimoto, S. et al. (2019) The Future is Public. Transnational Institute. Available at: [https://futureispublic.org/wp-content/uploads/2019/11/TNI\\_the-future-is-public\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/11/TNI_the-future-is-public_online.pdf)
3. [https://www.apse.org.uk/apse/assets/File/Insourcing%20\(web\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20(web).pdf)
4. Colbert, M. (2017) Why renationalise? Contemporary motivations in Latin America. In: Kishimoto, S. and Petitjean, O. (eds) Reclaiming Public services. Transnational Institute (TNI). Available at: [https://www.tni.org/files/publication-downloads/reclaiming\\_public\\_services.pdf](https://www.tni.org/files/publication-downloads/reclaiming_public_services.pdf)
5. Kishimoto, S. and Petitjean, O. (2017) Conclusion. In: Kishimoto, S. and Petitjean, O. (eds) Reclaiming Public services. Transnational Institute (TNI). Available at: [https://www.tni.org/files/publication-downloads/reclaiming\\_public\\_services.pdf](https://www.tni.org/files/publication-downloads/reclaiming_public_services.pdf)
6. United National General Assembly (2018) Report of the Special Rapporteur on extreme poverty and human rights. Available at: <http://undocs.org/A/73/396>
7. Hall, D. (2015) Why Public Private Partnerships don't Work. The many advantages of the public alternative. P.7. Available at: [http://www.world-psi.org/sites/default/files/rapport\\_eng\\_56pages\\_a4\\_lr.pdf](http://www.world-psi.org/sites/default/files/rapport_eng_56pages_a4_lr.pdf)
8. Privatization Barometer (2015/2016) Two Record years herald an ongoing privatization wave.
9. Bayliss, K. and Van Waeyenberge, E. (2017) Unpacking the Public Private Partnership Revival. The Journal of Development Studies. Vol. 54, Iss. 4, pp. 577-593.
10. World Bank and PPIF (2016) The state of PPPs. Infrastructure Public-Private Partnerships in Emerging Markets & Developing Economies 1991-2015. Available at: <https://ppiaf.org/documents/3551/download>
11. The World Bank (October 2019) Public Private Partnerships. Available at: <https://www.worldbank.org/en/topic/publicprivatepartnerships/overview>

# 3.

## Remunicipalisation drivers

### 3.1. REASONS FOR BRINGING OUR PUBLIC SERVICES BACK IN HOUSE

There are several factors driving remunicipalisations. In both high, middle- and low-income countries insourcing is often a response to the failures of privatisation<sup>1</sup>. Privatisation often results in a loss of public accountability and financial transparency and insufficient contract monitoring that may facilitate corruption. Long term concessions, especially common in the water and electricity sector, provide an incentive for corruption as companies are eager to secure this one-off opportunity for guaranteed profits for decades.<sup>2</sup> Insourcing has occurred across many public service sectors, but it is especially common in essential public services such as water, electricity, waste management and health care, as the failure of privatisation in those sectors has the most severe consequences on service users, communities and territories.

Additionally, budget cuts arising from austerity measures have forced local authorities to review their service delivery. Hence, governments at all levels, civil society organisations, trade unions and communities searching for more effective and efficient use of public money and resources often find that remunicipalisation provides an answer.<sup>3</sup>

The cases listed in the compendium (see appendix) reveal common reasons for remunicipalising public services. These include:

#### Dysfunctional company operations

- Poor company performance and poor service quality;
- Private company withdrawal from contracts or failure to provide the contracted service;
- Bankruptcy of contractors;

#### Lack of control of public services

- Lack of control over service delivery and inability to fix problems once the service is privatised;
- Unwillingness of contractors/private providers to go beyond the strict contract terms to service communities;

#### Workers and service users

- Under-investment in service resources, staff and infrastructures;
- Soaring bills for users;
- Unequal service delivery (servicing of profitable users and areas, disregard of non-profitable users and areas);



Demonstration in Berlin, Germany

- Lack of social and/or environmental sustainability (poor worker conditions, job cuts and pollution).

#### Lack of transparency and accountability

- Lack of transparency in service price charges;
- Fraud and conflict of interest;
- Disputes between private providers and contracting institutions over operational costs and price increases.

However, remunicipalisation is usually not simply driven by contract failure or financial rationality. As many of the cases in the compendium demonstrate remunicipalisation would not have happened without the pressure from environmental and social movements as well as from trade unions (see for example: *Case 1. Energy, Germany, Berlin*; *Case 2. Energy, Germany, Hamburg*; *Case 17. Social Care, Norway, Bergen*; *Case 24. Waste, Canada, Port Moody*; *Case 26. Waste, Columbia, Bogota*; *Case 27. Waste, Egypt, Cairo*; *Case 29. Waste, Norway, Oslo*; *Case 33. Water, Bolivia, Cochabamba*; *Case 37. Water, Germany, Berlin*; *Case 40. Water, Italy Turin*; *Case 46. Education, India, Kerala*). In a context in which international organisations as well as national governments are

pushing for further privatisations, remunicipalisation is most likely to emerge as the outcome of social struggles rather than from a purely objective cost-benefit analysis (see section 2.3).

### 3.2. WHEN TO REMUNICIPALISED?

#### 3.2.1. After contract expiry

Most remunicipalisations occur when a contract for a privatised service expires. This means that trade unions can identify remunicipalisation opportunities early on by mapping private contractors and keeping track of contract expiry dates. Being aware of the expiry dates enables trade unions to plan remunicipalisation campaigns and to approach mayors and local authorities in advance to outline the advantages of the public alternative to privatisation.

When the information about the service expiry is not freely available trade unions may need to invoke 'freedom of information'<sup>4</sup> requirements or resort to relevant international and national laws available to obtain such information. At times contract details are kept secret and are not available to the public (see *Case 37. Water, Germany, Berlin*). In these cases, contract expiry dates

might be found through documentation or media coverage of tenders or company annual reports. When collective bargaining takes place, trade unions can additionally put service quality and delivery issues on the collective bargaining agenda to obtain this information from employers.

The following examples illustrate that contract expiry provides the opportunity for remunicipalisation: *Case 2. Energy, Germany, Hamburg*; *Case 5. Energy, Lithuania, Vilnius*; *Case 15. Infrastructure, UK, Cumbria*; *Case 16. Social Care, Denmark, Syddjurs*; *Case 23. Waste, Canada, Conception Bay South*; *Case 24. Waste, Canada, Port Moody*; *Case 38. Water, Germany, Rostock*.

### 3.2.2. Following early contract termination

Some municipalities and local authorities may decide to terminate contracts earlier than their expiry date because the private contractor is failing to meet the service quality standards required, is in financial difficulties or because they have become too costly, especially in a context of austerity.

Early termination can be expensive, as contracts with private operators often include costly compensation clauses and, in some cases, legal protection from profit loss that can be enforced via national courts as well as internationally via Investor State Settlement Dispute (ISDS) mechanisms (see section 6.2). Consequently, contract expiry generally provides easier opportunities for public service remunicipalisation. The threat of compensation might in some cases deter municipalities from remunicipalising a service. For example, in **Sheffield, UK**, the council voted in January 2017 for an early end to the city's 35-year waste management contract with Veolia, agreed in 2001 and due to expire in 2036. For the council, the contract was no longer perceived to meet the city's needs.<sup>5</sup> However, threats of a very high compensation claim by Veolia prevented the remunicipalisation<sup>6</sup> (see *Case 31. Waste, UK, Sheffield*).

However, remunicipalisation is not guaranteed to be a smooth and conflict free process, even if the local authority waits for the contract expiry. Compensation can still be demanded by the private providers if a service is remunicipalised after the contract comes to an end. This can be illustrated by **Vilnius'** experience with Vilniaus Energija

- a subsidiary of the French multinational Veolia. When a 15-year lease expired in late March 2017, Vilnius transferred the district heating grid back to the municipal heating supplier Vilniaus Silumos Tinklai<sup>7</sup>. The process of remunicipalisation was conflict ridden; in early 2016, Veolia took the Lithuanian government to the International Centre for Settlement of Investment Disputes (ICSID) in Washington, demanding about 100 million euros in compensation for what it said was unfair state behavior and appropriation of its investments in Lithuania.<sup>8</sup> In a counter law suit after the remunicipalisation, the city of Vilnius turned to the Stockholm arbitration court to demand around 200 million euros in compensation from Veolia and Vilniaus Energija for damage caused to the assets during the lease period.<sup>9</sup> Both court cases are still ongoing (see *Case 5. Energy, Lithuania, Vilnius*).

In **Cameroon**, the government decided not to renew the contract for water production and distribution with the Moroccan consortium, Camerounaise des Eaux (CDE). Yet despite waiting until the contract expiry in May 2018 CDE still demanded US\$19 million in compensation.<sup>10</sup> CDE had been responsible for water production and distribution in Cameroon for ten years and the decision to re-nationalise the water service was taken after years of poor service quality and over-billing.<sup>11</sup> Moreover, the public sector had out-performed the private sector. Greater achievements were made in expanding the access to drinking water when the water services were publicly owned and controlled than during the years of privatization<sup>12</sup> (see *Case 34. Water, Cameroon, Yaunde*).

Despite the increased risk that companies will demand compensation if contracts are terminated early, in some cases it might well be a risk worth taking. This is because, the compensation could be lower than the continuing costs that occur with the private company operating the service. For example, in **Bogota, Colombia**, in 1994, Suez Degremont's subsidiary Bogotana de Aguas y Saneamiento won the 30-year Salitre wastewater BOT contract - three years for construction and 27 years for the operation of the plant, serving two million people in Bogota. In December 2004, the contract was terminated after the city council calculated that the project was charging ten times too much, and that it was worth paying US\$ 80



million to buy out the contract.<sup>13</sup> Similarly, **Berlin, Germany** remunicipalised its water services in 2013, 15 years prior to contract expiry as the long-term gains outweighed the cost. However, water remunicipalisation did not come cheap: Berlin agreed to pay RWE and Veolia what they would have received in profits until the end of the contract in 2028 - over €1.2 billion in total (see *Case 33. Water, Germany, Berlin*). Both cases show that it is important to weigh the potential short-term and one-off costs of remunicipalisation - including compensation costs - in the case of unilateral termination, against the long-term cost savings that could be made putting an end to private sector overcharging practices.

Just because companies make claim compensation via ISDS mechanisms does not necessarily mean that they are successful. Often the threat of compensation is used as an intimidation technique to prevent the insourcing of a service (see section 6.2). The cases of **Cochabamba, Bolivia** and **Dar es Salaam, Tanzania** illustrate that while ISDS mechanisms indeed provide a powerful tool for multinational companies to claim compensation for lost profits when public services are insourced. In practice the scope of compensation, and even whether compensation is at all required, is eventually down to negotiation and thus the power of individual states and/or regions. These negotiations do not take place in a vacuum but are influenced by post-colonial contradictions over sovereignty under globalization, and by continued political contestation over the resurgent role of the public (see *Case 33. Water, Bolivia, Cochabamba; Case 42 Water, Tanzania, Dar es Salaam*).

When considering early termination local authorities must consider that the legal proceedings that it might invoke can be very costly and time-consuming. In such cases, pro-bono lawyers can help defend the right to take back public services (see for example *Case 25. Water, Indonesia, Jakarta; Case 37. Water, Germany, Berlin*).

### 3.2.3. Following private company withdrawal or bankruptcy

There have been opportunities for remunicipalisation when companies have withdrawn from the contract because they mis-calculated their profit margins or went bankrupt.

For example, in **London** the Borough of Croydon tried for years to part with its subcontractor Carillion, which was in charge of managing its municipal libraries. Despite the service being unsatisfactory, Croydon could not find a feasible way to terminate the contract early. The contract was supposed to end in 2020. When Carillion went into compulsory liquidation on the 15th of January 2018, (see **Box 2 Carillion**), Croydon used the opportunity to remunicipalise its 13 libraries (see *Case 48. Library services, UK, Croydon*).<sup>14</sup>

Due to similar circumstances a number of municipalities in **Oslo, Norway** took back their waste collection services in 2017. First, the private provider, Veireno filed for bankruptcy in January 2017, followed by another private provider, RenoNorden in the autumn of the same year.<sup>15</sup> In 2016, as many as 20 per cent of the 50,000 households that received their waste collection services from Veireno complained about the poor quality of the service (see *Case 29. Waste, Norway, Oslo*).<sup>16</sup>

## 3.3. SECTORIAL DIMENSIONS OF REMUNICIPALISATION

### 3.3.1. Water

While in the past water has been mostly seen as a public service and a common good it has, since the 1990s, increasingly become a commodity. Water companies have become financial assets for global private investment instead of companies that have the primary purpose to deliver equitable and affordable basic services. Consequently, returns to shareholders have become more important than the investments in infrastructure needed for the delivery of equitable and affordable basic services. As a result, wages in the water sector have been increasingly squeezed. In more academic terms, the water sector has become increasingly financialised.<sup>17</sup> Profit-making in the water sector has become more and more disconnected from the real economy, as investment funds bought water companies - usually through debt - largely for speculative purposes.<sup>18</sup>

As water privatisation has progressed on a global scale so did the experiences of its failure. Making profit out of water has had detrimental consequences for people and the environment. Several social struggles have emerged over water, among



which the famous **Bolivian** water wars in 2000 (see *Case 33. Water, Bolivia, Cochabamba*) led to global advocacy coalitions that emphasised the immorality of water privatisation. Citizens and trade unionists in Bolivia argued that water should be seen as a human right and thus demanded for water services to be returned to public ownership and control.<sup>19</sup> In some struggles for publicly owned water, for example in **Greece** and in **Portugal**, the activists developed a narrative around water as a common good, that should be owned and administrated by the public. This narrative was framed as a direct ideological challenge to neoliberal capitalism and its commodification of water.<sup>20</sup>

In the past two decades remunicipalisation in the water sector has grown rapidly on a global scale and is gaining strength. In 2000 only two cases in two countries were recorded, but by 2019 there were 311 cases across 36 countries.<sup>21</sup> The water remunicipalisation tracker keeps a worldwide record of successful and ongoing remunicipalisations in the water sector.<sup>22</sup> Most water remunicipalisation cases are found in high income countries. **France**, the country with the longest history in water privatisation and home of the two leading water multinationals, Suez and Veolia, has recorded the most water remunicipalisations. Yet, water service remunicipalisations are also occurring in low- and middle-income countries.<sup>23</sup> The compendium accompanying this guide includes 12 water remunicipalisation cases, of these, six are located in high income countries (*Case 35. Water, France, Grenoble; Case 36. Water, France, Paris; Case 37. Water, Germany, Berlin; Case 38. Water, Germany, Rostock; Case 40. Water, Italy Turin; Case 41. Water, US, New York*) and six in low- and middle-income countries (*Case 32. Water Argentina, Buenos Aires; Case 33. Water, Bolivia, Cochabamba, Case 34. Water, Cameroon, Yaunde; Case 39. Water, Indonesia, Jakarta; Case 42. Water, Tanzania, Dar es Salaam; Case 43. Water, Turkey, Antalya*).

### 3.3.2. Energy

A recent PSIRU report which critically evaluated the energy liberalisation in Europe showed that it has failed to achieve its goals.<sup>24</sup> The European Commission predicted that opening up the energy market would have a significant impact on national productivity and lead to price reductions.

However, instead of the predicted decreases in electricity and gas prices as a result of energy liberalisation and privatisation, the opposite has occurred: prices for the consumer increased. Energy poverty across Europe doubled over a 10-year period.

Rapid increases in the use of renewable energy are widely seen as essential if climate change is to be effectively combated. However, while it is a widespread belief that renewable energy managed to thrive due to the market liberalisation, but here the reverse is the case. Without protection from the market, renewables would not have been built in the competitive electricity markets. In other words, the rise of renewable energy was only possible because of measures isolating it from market liberalisation and not because of market liberalisation. This shows the market logic cannot successfully accommodate renewables. Consequently, the PSIRU report argues that public institutions are much better positioned to address the urgency of climate change while also protecting workers.

And indeed, public ownership in the electricity sector is on the rise. In fact, the energy sector features the largest number of remunicipalisation projects – 374 cases in 2019. However, 80 per cent of those are located in **Germany**.<sup>25</sup> Stadtwerke (municipal utilities in German) now supply half of all the electricity in Germany to households and 80 per cent of the distribution networks are owned and run by the regional and municipal public authorities.<sup>26</sup>

The remunicipalisations in the electricity sector in Germany were mainly driven by society's demand for increased renewable energy and by the poor performance of the private companies in this regard. The biggest four private companies that dominated the German energy market were wedded to traditional energy production based on coal and nuclear power. The wave of remunicipalisation in the energy sector is part of what became known as the German *Energiewende* or energy transition - the country's plan to transition to a low-carbon and nuclear-free economy. This shows that remunicipalised energy is about much more than a mere change of ownership. Civil society groups demanding more renewable energy and a sustainable energy supply have been one of the main drivers behind the remunicipalisations

in Germany (see *Case 1. Energy, Germany, Berlin; Case 2. Energy, Germany, Hamburg; Case 3. Energy, Germany, Stuttgart, Case 4. Energy, Germany, Wolfhagen*).

Elsewhere local authorities have decided to take back control of their energy systems. For example, in **Vilnius, Lithuania** the district heating grid was insourced after 15 years of privatisation (see *Case 5. Energy, Lithuania, Vilnius*).

In the **UK**, several local authorities established municipally owned energy supply companies that, in competition with the private supply companies, supply energy to the end user. As a public, non-profit provider they have a comparative advantage as they save costs by not paying dividends to shareholders. Consequently, these municipal and regional supply companies can provide cheaper energy for users such as in the case of Robin Hood Energy in **Nottingham, UK**. While the nationalisation of the largest supply companies that dominate the UK energy market would be the most effective fix for energy poverty,<sup>27</sup> energy remunicipalisation would be a valuable stepping stone in the fight against energy poverty, which is also a rising concern in high income countries. The case of Robin Hood Energy also shows that public energy supply can bring opportunities for a better deal for workers. See *Case 6. Energy, UK, Nottingham*.

### 3.3.3. Transport and infrastructures

Evidence suggests that privatised transport systems are expensive and that the quality of the services is inferior to publicly owned and controlled public transport. A study of rail PPPs across the globe came to the conclusion that most PPPs ended up as financially unviable and became a drain on public budgets.<sup>28</sup>

For example, in the **UK**, rail privatisation led to a fragmented and inefficient rail system. This is clearly demonstrated by the East Coast train link in the UK which had to be taken back into public ownership twice following failed franchising. During the time the East Coast line was operated publicly it operated on a surplus while the service quality, especially in terms of punctuality and user satisfaction, improved (see *Case 21. Transport, UK, East Coast*).

**Switzerland** has demonstrated what is possible when the railway network is in public hands. By making the quality of the service the priority, Switzerland constantly maintained and has expanded its public railways network. It is not only a very expansive network – even rural towns and villages up in the mountains can be reached by train – but it also has exceptionally high punctuality rates. Switzerland's system of direct democracy has repeatedly backed investment in public transport, and this confirms research on participatory budgeting that suggests the funding of basic services is a vote winner and that, if given a say, people will back it.<sup>29</sup>

With regards to bus transport, a wide-ranging study that assessed bus services in 73 cities, across all continents and different types of bus operators concluded there was no significant difference in efficiency between public and private operators.<sup>30</sup> However, profits and cost reductions are the first priority of private operators, and this usually conflicts with wider public transport objectives, such as addressing congestion, environmental impact and social equity.<sup>31</sup> As such public bus operators outperform private ones in terms of the quality of the service, safety and the pay and working conditions of bus drivers.<sup>32</sup>

In **Canada, Fort McMurray's** experience with the privatisation of its bus rapid transit, which led to understaffing and frequent delays and bus cancellations, illustrates this point. When the service was remunicipalised the quality of the bus transit service improved and the staff benefited from better working conditions (see *Case 19. Transport Canada, Fort McMurray*).

Moreover, private bus transport operators often select the most profitable services that neglect more remote and poorer areas. For example, a study carried out in **India** found that private bus operators appeared to be more efficient, but noted that this could have been due to the operator's selection of more profitable routes, as well as cuts to the wages and conditions of its workers.<sup>33</sup> Similarly, a recent study that focused on **England** showed that privatisation led to fare increases outside of London and the services worsened. Consequently, bus-use fell: bus trips in English metropolitan areas outside of London halved from about 2 billion per year in 1985 to 1 billion per year in 2016. In other words, the privatisation

of transport often hinders universal service coverage and access, decreases affordability for users while increasing profitability by increasing user fees and squeezing the workers who operate the service.

A recent PSIRU report on the financing of public transport demonstrated that the public sector has a comparative advantage over the private sector in delivering public transport services that reflects the needs of the users, the environment and the workers.<sup>34</sup>

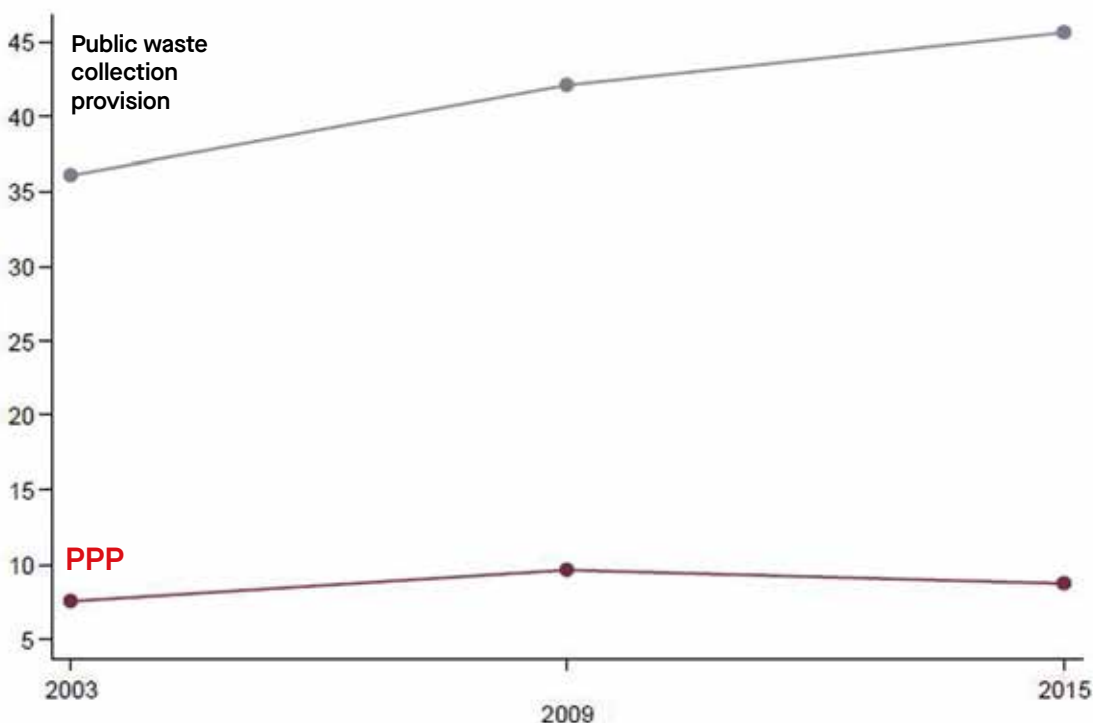
**3.3.4. Waste**

Waste management is one of the most frequently insourced public services, in part because the contract length is usually much shorter than with water for example, so the opportunity to remunicipalise arrives sooner. Negative experiences with privatisation (see for example *Case 27. Waste, Egypt, Cairo*) and/or company failure and bankruptcy (see for example *Case 29. Waste, Norway, Oslo and Box 2*) are among key drivers behind waste remunicipalisations. More commonly, however, the insourcing of waste services is motivated by cost efficiency considerations.

For example, in **Liverpool, UK** the municipality achieved cost savings of £2m over three years simply because the publicly run service was more cost effective.<sup>35</sup> Cost savings were also achieved in the following cases: *Case 23. Waste, Canada, Conception Bay South*; *Case 26. Waste, Columbia, Bogota*; *Case 28. Waste, Germany, Bergkamen*; *Case 30. Waste, Spain, León*.

In **Germany** a growing trend towards the insourcing of waste services can be observed. At the beginning of the 2000s a whole series of remunicipalisations in the waste sector reversed the privatisation trend in the country. In 2003 only 35 per cent of German municipalities provided their own residual waste collection but by 2015 this had increased to 46 per cent, while PPPs decreased (see **Figure 4**).<sup>36</sup> Remunicipalisations in the waste sector were especially common in cities with more than 100.000 inhabitants - in 92 per cent of them the local authority is currently in charge of the rubbish collection.<sup>37</sup> Yet increasingly also rural areas opt for public waste management. In addition to waste collection, a report by the European Commission found that in Germany 31 per cent of the waste treatment activities and four per cent of the waste recovery activities were provided by the municipalities in 2016.<sup>38</sup>

**FIGURE 4: PERCENTAGE OF MUNICIPAL AND PPP WASTE COLLECTION IN GERMANY**



Source : ECA Economics based on Remondis Data

In the **UK**, waste collection was the second most common remunicipalised public service in recent years. This trend of increased insourcing came on the back of local authorities grappling with austerity mechanisms and drastic budget cuts and thus remunicipalisation provided a solution to achieve service efficiency and cost savings.<sup>39</sup>

### 3.3.5. Health and social services

Private companies have become a growing presence in public healthcare systems across the globe. In Europe, cuts to government spending have been accompanied by a widespread commercialisation and marketisation of health and social care. This has led to greater healthcare inequality because for-profit providers tend to ‘cherry-pick’ wealthy and lower risk patients, whilst higher-risk and poorer patients are left to rely on the under-resourced public health service provision that have experienced continuous budget cuts.<sup>40</sup>

Privatised healthcare features a consistent track record of worsened working conditions and pay, reduced staff levels, increased workloads and resulting stress on workers, all of which negatively impacts on the safety and quality of care. Several local and regional authorities have decided to insource health and social services.

In **South Denmark** the regional authority outsourced ambulance services, but as the service response became slow and put patients at risk, it decided to return the service to public provision (see *Case 10. Health Care, Denmark, South Denmark*).

In the **UK** the privatisation of hospitals was flawed from the start. In 2012 the multinational Circle won a ten-year contract to run the National Health Service (NHS) Hinchingsbrooke hospital, a district general hospital in Cambridgeshire, with some 250 beds and nearly 1,500 staff. It was the first NHS hospital in the UK to be handed to a private management firm since the NHS was established

in 1948.<sup>41</sup> Upon inspection by the independent regulator of health and adult social care in England - the Care Quality Commission (CQC) - the service was found ‘inadequate’ and liable to put patients in danger. As a result, Circle returned the hospital to public management in 2015 –seven years before contract expiry (see *Case 12. Health Care, UK, Hinchingsbrooke*). This case is not exceptional. The shortest privatisation in the UK might have been that of eye surgery in the Musgrave Park Hospital where the disaster of privatisation became immediately obvious. Dozens of people were left with impaired vision, pain and discomfort after operations performed by the private provider. The privatisation lasted only four days (see *case 13. HealthCare, UK, Somerset*).

In **Australia**, after the local community successfully organised a campaign for its insourcing, the government in Victoria decided in 2019 to take its only privately-run hospital back into public management as the privatisation had a negative impact on the standard of patient care and the local community successfully organised a campaign for its insourcing (see *Case 8. Health Care, Australia, Victoria*).<sup>42</sup>

In **China** the provinces of **Suqian in Jiangsu** and **Luoyang in Henan** recently took steps to reverse the process of hospital privatisations due to unsatisfactory experience in pilot projects with privatised healthcare. In Suqian hospitals had been privatised since 2000 and all the 125 public health centres in the city had been negatively affected by the privatisation. Most of the health centres were bought by individual operators. As profit maximisation became the priority a sustainable, integrated healthcare system could not be established for the province. In Luoyang an inspection in 2017 found that the city’s health planning commission had neglected its duties in supervising restructured hospitals. Moreover, there seemed to be evidence of bribery in the privatisation process. Subsequently, the Luoyang government began to buy back the privatised public hospitals (see *Case 9. Health Care, China Luoyang*). However, despite the failure of privatised health

care in China, a new healthcare reform in China suggested that private capital will play a growing role, not only in hospitals that are currently run by state-owned enterprises, but also in other specialized health services and in elderly care.<sup>43</sup>

In **Delhi, India** the local government introduced public healthcare in order to make services more affordable and accessible to all. Local community clinics, called Mohalla, were set up to provide basic healthcare services to millions of people (see *Case 11. Health Care, India, Delhi*).

In the **US**, the dissatisfaction with the privatised healthcare system, under which 30.4 million Americans lacked coverage in 2018, led the Democrats to call for a national “Medicare for All” programme.<sup>44</sup> It highlighted that healthcare is a human right and that the only way to ensure universal access is to bring it back into public ownership and control. Medicare for all has found a high level of public support in the US, a recent poll indicates that 70 per cent of residents support it.<sup>45</sup>

### 3.3.6. Other services

Well beyond the sectors mentioned in the earlier sections, municipalities have insourced all kinds of public services: from cleaning to parking, from libraries to funerals, from prisons to beach lifeguards. While cost efficiency is a major motivation behind insourcing, it is about much more than simply saving money. By bringing the service back inhouse the local authority regains control over the quality and delivery of the service. In many cases this has been the main reason for remunicipalising when privatisation failed (see for example *Case 44. Catering and cleaning, UK, Leicester*; *Case 45. Cleaning, UK, Nottingham*; *Case 50. Prisons, New Zealand, Mt Eden*).

Insourcing also provides an opportunity for municipalities to redistribute resources and to pursue social and environmental goals directing funds where they are needed the most, applying a holistic approach within their territories in a spirit of solidarity.

For example, in **Barcelona, Spain** the local authority decided to create a public funeral company to guarantee affordable prices and to enable people a dignified end of life as the services of private providers were beyond the means of many of the city’s inhabitants (see *Case 47. Funeral services, Spain, Barcelona*.)

Some cities, like **Preston in the UK** and **Cleveland in Ohio** are putting specific policies in place to boost the local economy (see also section 7.2). However, as explained in more detail in section 7.5, localising the economy should not be seen as a replacement to remunicipalisation. Outsourcing public services to local pro-profit enterprises is still a form of privatization.



1. Hall, D. (2015) Why Public-Private-Partnerships don't work. The many advantages of the public alternative. Public Services International.
2. Hall, D. (2015) Why Public-Private-Partnerships don't work. The many advantages of the public alternative. Public Services International.
3. Kishimoto, S., Lobina, E., Petitjean, O. (eds.) (2015) Our public water future: The global experience with remunicipalisation. Transnational Institute (TNI). Available at: <https://www.tni.org/files/download/ourpublicwaterfuture-1.pdf>
4. Several countries across the Globe have Freedom of Information Acts in place that give citizens a legal right to see information held by public bodies.
5. Holmes, E. (11 January 2017) Sheffield could scrap Veolia contract 19 Years Early. Resource. Available at: <http://resource.co/article/sheffield-could-scrap-veolia-contract-19-years-early-11603>
6. Cole, R. (3 August 2017) Veolia Confident of Avoiding Sheffield Waste Contract Cancellation. Resource. Available at: <http://resource.co/article/veolia-confident-avoiding-sheffield-waste-contract-cancellation-12011>
7. Baltic News Service (20 February 2018) Vilnius seeks over EUR 350 mln from France's Veolia at Stockholm arbitration court.
8. Reuters (27 January 2016) Veolia seeks compensation from Lithuania for subsidy cuts. Available at: <https://www.reuters.com/article/us-veolia-enviro-lithuania/veolia-seeks-compensation-from-lithuania-for-subsidy-cuts-idUSKCN0V52CY>
9. Baltic News Service (30 March 2017) Vilnius submits EUR 200 mln claim to Veolia. Available at: Vilnius submits EUR 200 mln claim to Veolia
10. Le 360 (09 November 2017) Cameroun. CDE: conciliation pour le retrait du consortium marocain. Available at: <http://m.le360.ma/afrique/maroc-aux-tres-pays/economie/2017/11/09/16374-cameroun-cde-conciliation-pour-le-retrait-du-consortium-marocain-16374>
11. VOA news (24 February 2014) Cameroon Capital Suffers Water Shortage. Available at: <https://www.voanews.com/a/cameroon-capital-suffers-water-shortage/1858215.html>
12. Wegmann, V. and Lobina, E. (2018) Water Renationalisation in Cameroon. PSIRU. Available at: <https://gala.gre.ac.uk/id/eprint/19921/>
13. Hall, D. and Lobina, E. (2006) Pipe Dreams. The failure of the private sector to invest in water services in developing countries. PSI, World Development Movement. Available at: [http://gala.gre.ac.uk/3601/1/PSIRU\\_9618\\_-\\_2006-03-W-investment.pdf](http://gala.gre.ac.uk/3601/1/PSIRU_9618_-_2006-03-W-investment.pdf)
14. Sian, C. (17 January 2017) London libraries assess impact of Carillion collapse. The Guardian. Available at: <https://www.theguardian.com/books/2018/jan/17/london-libraries-assess-impact-of-carillion-collapse>
15. Briefing paper from Fagforbundet for EPSU and PSI on the RenoNorden Bankruptcy [attained through email correspondence with Fagforbundet]
16. Esmerk Aftenposten (29 May 2017) Norway: Oslo Municipality struggles with waste collection.
17. Financialisation can be defined in terms of a shift of emphasis and power from the "real" to the "financial" economy. Or similarly as a process whereby financial markets, financial institutions, and financial elites gain greater influence over economic policy and economic outcomes.
18. Bayliss, K. (2014) The Financialization of Water. Review of Radical Political Economics, Vol. 46, no. 3, pp. 292–307
19. Lobina, E. (2015) Introduction: Calling for progressive water policies. In Kishimoto, S.; Lobina, E. and Petitjean, O. (Eds), Our public water future: The global experience with remunicipalisation. Transnational Institute (TNI). Available at: <https://www.tni.org/files/download/ourpublicwaterfuture-1.pdf>. Lobina, E. 2017. Water remunicipalisation: Between pendulum swings and paradigm advocacy. In Bell, S. et al. (eds), Urban water trajectories. London.
20. Bieler, A. and Jordan, J. (2018) Commodification and 'the commons': The politics of privatising public water in Greece and Portugal during the Eurozone crisis. European Journal of International Relations. Vol. 24, No. 4, pp. 934–957.
21. Kishimoto, S. et al (2019) The Future is Public. Transnational Institute. Available at: [https://futureispublic.org/wp-content/uploads/2019/11/TNI\\_the-future-is-public\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/11/TNI_the-future-is-public_online.pdf)
22. <http://www.remunicipalisation.org/>
23. Water Remunicipalisation Tracker. Available at: <http://remunicipalisation.org/front/page/home>
24. See Wegmann, V. (2019) Going Public: A Decarbonised, Affordable and Democratic Energy System for Europe. European Public Services Union (EPSU).
25. Kishimoto, s. et al (2019) The Future is Public. Transnational Institute. Available at: [https://futureispublic.org/wp-content/uploads/2019/11/TNI\\_the-future-is-public\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/11/TNI_the-future-is-public_online.pdf)

26. Hall, D. (2016). Local and Regional Government/ Municipal sector. Available at: <https://www.psiru.org/sites/default/files/2016-04-E-UK-public.pdf> (Accessed 8 July 2019).
27. Prentis, D. (June 2019) Blog: Why Labour should nationalise energy suppliers. Unison. Available at: <https://www.unison.org.uk/news/2019/06/blog-labour-nationalise-energy-suppliers/>
28. Dehornoy, Ppps In The Rail Sector: A Review Of 27 Projects, Munich Personal RePEc Archive, 2012: [https://mpra.ub.uni-muenchen.de/38415/1/Dehornoy\\_Review\\_of\\_rail\\_PPPs\\_2012\\_.pdf](https://mpra.ub.uni-muenchen.de/38415/1/Dehornoy_Review_of_rail_PPPs_2012_.pdf)
29. Wegmann, V. (2019) Public Financing. International Transport Workers Federation (ITF). [The report is part of ITF's People's Public Transport Policy].
30. Pina, V. (2001) Analysis Of The Efficiency Of Local Government Services Delivery: An Application To Urban Public Transport. Transportation Research Part A: Policy and Practice. Vol. 35, no. 10
31. Currie, G. (201) Deregulation, Franchising, Outsourcing and Corporatisation In Local Public Transport. OECD. Available at: <https://www.itf-oecd.org/sites/default/files/docs/public-transport-deregulation-franchising-outsourcing-corporatisation.pdf>
32. Stanley, J. (2017) Competitive Tendering Hasn't Delivered For Public Transport, So Why Reward Poor Performance?, The conversation. Available at: <https://theconversation.com/competitive-tendering-hasnt-delivered-for-public-transport-so-why-reward-poor-performance-85378>
33. Pucher, J. et al (2004) The Crisis Of Public Transport in India: Overwhelming Needs But Limited Resources. Journal of Public Transportation. Vol. 7, no. 4. Available at: <https://scholarcommons.usf.edu/jpt/vol7/iss4/1/>
34. Wegmann, V. (2019) Public Financing. International Transport Workers Federation (ITF). [The report is part of ITF's People's Public Transport Policy].
35. APSE (2019) Rebuilding Capacity. The case for insourcing public contracts. Available at: [https://www.apse.org.uk/apse/assets/File/Insourcing%20\(web\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20(web).pdf)
36. Friederiszick, H. and Reinhold, S. (2016) Rekommunalisierung und Wettbewerb in der Entsorgungswirtschaft: Trends, Erklärungen und wettbewerbspolitische Implikationen. ESMT White Paper No. WP-16-01. Available at: <https://www.daserste.de/information/wirtschaft-boerse/plusminus/sendung/hr/rekommunalisierung-muellentsorger-100.pdf>
37. Bockers, V. and Hardorp, L. et al. (2016) Wettbewerb in der Restmüllerfassung: Eine empirische Analyse der Anbieterstruktur. Ordnungspolitische Perspektiven No. 85. P. 1. Available at: [http://www.dice.hhu.de/fileadmin/redaktion/Fakultaeten/Wirtschaftswissenschaftliche\\_Fakultaet/DICE/](http://www.dice.hhu.de/fileadmin/redaktion/Fakultaeten/Wirtschaftswissenschaftliche_Fakultaet/DICE/)
38. European Commission (2016) Legal Assistance on the application of public procurement rules in the waste sector. Available at: <https://www.bde.de/assets/public/Dokumente/Europa/MP/Legal-Assistance-on-the-application-of-public-procurement-rules-in-the-waste-sector.pdf?>
39. APSE (2019) Rebuilding Capacity. The case for insourcing public contracts. Available at: [https://www.apse.org.uk/apse/assets/File/Insourcing%20\(web\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20(web).pdf)
40. Tansey, R. (2017) The creeping privatisation of healthcare. Problematic EU policies and the corporate lobby push. Corporate Europe Observatory. Available at: <https://corporateeurope.org/en/power-lobbies/2017/06/creeping-privatisation-healthcare>
41. Plimmer, G. (29 January 2012) Private company to run NHS general hospital for first time. The Financial Times. Available at: <https://www.ft.com/content/10721664-4aa3-11e1-8110-00144feabdc0>
42. Testa, C. (22 August 2019) Mildura Base Hospital management set to return to public hands. ABC News. Available at: <https://www.abc.net.au/news/2019-08-22/mildura-base-hospital-management-set-to-return-to-public-hands/11439488>
43. Yan, L. and Xuan, T. (15 August 2019) In Depth: Chinese Cities Struggle With Public Hospital Ownership Reform. Caixin. Available at: <https://www.caixinglobal.com/2019-04-15/in-depth-chinese-cities-struggle-with-public-hospital-ownership-reform-101404145.html>
44. Tozzi, J. and Parnass, D. (29 March 2019) What 'Medicare for All' Means for U.S. Health Care: QuickTake. Boomborg. Available at: <https://www.bloomberg.com/news/articles/2019-03-29/how-medicare-for-all-could-mean-change-for-every-one-quicktake>
45. Manchester, J. (no date) 70 percent of Americans support 'Medicare for all' proposal. The Hill. Available at: <https://thehill.com/hilltv/what-americans-thinking/412545-70-percent-of-americans-support-medicare-for-all-health-care>

# 4.

## Using remunicipalisation to build public services that work for communities, workers and the environment

### 4.1. BENEFITS OF PUBLIC SERVICE REMUNICIPALISATION

Publicly owned and controlled public services offer unique opportunities for change. Public ownership is not the end goal but a tool for re-creating a society that promotes social equality and environmental justice.

Instead of further enriching the shareholders, when public services are publicly operated the surpluses can be

- reinvested to expand the service infrastructure,
- used to improve the quality of the service,
- used to lower charges; and/or
- reinvested to address climate change.

When public services are publicly owned and controlled it enables holistic and strategic planning. The cross-subsidy of public services is a case in point. This means that the surplus from one public service is used to subsidise another service, which does not cover its costs through user charges. Examples might include parks, lidos

or public transport. In **Munich, Germany** the public transport system is in part financed by its publicly owned and controlled energy system and the cooperation between public transport and public energy does not stop there. Through public ownership Munich created an energy system that enables the whole public transport network to be run on renewable energy.<sup>1</sup>

Resources can be redistributed when public services are in public hands. Consequently, inequalities such as energy poverty and the access of the rural population to public transport can be better addressed. In this way, public services can benefit everyone. From a trade union perspective, public ownership also presents an opportunity to enable a just transition to a decarbonised economy that has worker interest at heart. For example, when wind farms are publicly owned strategic choices can be made to situate them not just where there is wind, but also in cities and regions that are, or will be particularly affected by, de-industrialisation through the phasing out of coal or nuclear energy. Furthermore, remunicipalisation can function as a basis for progressive and innovative employment



*Australia's People's Inquiry: a parent gives evidence to the Inquiry's panel about the impact of privatisation of Aged, Disability and Home Care (ADHC) on social housing and group homes.*  
©Australia's People's Inquiry's

policies such as a shorter working week, and the provision of equal opportunities as well as investment in skills and training.

#### 4.2. BENEFITS FOR CITIZENS, SERVICE USERS AND COMMUNITIES

Remunicipalisations offer opportunities for progressive change and public service innovation. It is about providing services that serve the public good, that tailor resources to all aspects of public life to (re)build communities and to achieve greater service access and quality to all. Rather than prioritising profit and shareholder returns as the main indicator of service efficiency, publicly owned and run services can prioritise service quality and access – as well as social and environmental indicators – as proxies for efficiency.

An example of the positive social impact of remunicipalisation can be found in **Kerala**, a state in South West **India** with 36 million inhabitants. The remunicipalisation of primary education changed the future of a whole generation. In 2016 there were around 1000 private - but publicly subsidised

- schools that faced closure, as the private providers could no longer guarantee a profit. A movement for public schooling and a change in government after a coalition of left parties won the Kerala state elections in May 2016, changed Kerala's education policy to support the remunicipalisation of private schools that were running a deficit. Consequently, in August 2017, student numbers went up for the first time in a decade: 12,198 more students enrolled in class one and 16,710 more students joined classes two to nine compared to the previous year. This was significant as previously student numbers had been falling year after year (see *Case 46. Education, India, Kerala*).<sup>2</sup>

Privatised public services often either exclude poor communities or, ironically, make the poor pay the most for the service. In the **UK** for example, those on low incomes are more likely to be reliant on electricity purchased through pre-payment meters, which are substantially more expensive than electricity paid for through online direct debits. To address this inequality and to lift people out of energy poverty in **Nottingham**

the City Council launched Robin Hood Energy in 2015 - the first not-for-profit energy company run by a local authority.<sup>3</sup> Before the creation of Robin Hood Energy fuel poverty in Nottingham affected 15 per cent of the population – one of the highest rates in England.<sup>4</sup> Robin Hood Energy aimed to make energy cheaper to lift people out of fuel poverty and did so. On average, Nottingham residents save £315 a year with Robin Hood Energy (see *Case 6: Energy, Nottingham*).

### 4.3. BENEFITS FOR WORKERS

Research on privatisation has shown that it has a negative effect on public service employment.<sup>5</sup> For example, ten privatisations of **US** water and waste water in Atlanta between 1999 and 2005, led to an average job losses of 34 per cent.<sup>6</sup> In the **UK** almost half of all jobs in the British electricity industry disappeared after privatisation.<sup>7</sup> By reversing outsourcing and workplace fragmentation, remunicipalisation can provide a framework that is more conducive to collective bargaining, creating better opportunities to win adequate service staffing levels, better pay and working conditions, health and safety, access to career development and stronger workers rights.

One example of where remunicipalisation has helped to improve pay and conditions include can be found in **Conception Bay South, Canada**. The Canadian Union of Public Employees (CUPE), advocated tirelessly for the remunicipalisation of the waste collection services.<sup>8</sup> In 2011 the union's longstanding campaign paid off: the service was remunicipalised after three decades of outsourcing. The difference for the workers was enormous: waste workers in Conception Bay South now receive sick pay and health and safety practices have improved as the municipality provides more and better equipment. Remunicipalised waste workers now have to lift 40 percent less, since service was taken back in-house.<sup>9</sup> Better working conditions have led to increased resident satisfaction. While the rate of complaints was very high before the remunicipalisation, in a recent survey of residents run by the municipality, over 80 per cent rated the waste collection service one of the key things they liked about their city<sup>10</sup> (see *Case 23 Waste, Canada, Conception Bay South*).

A similar development was seen in **Oslo, Norway**. The bankruptcy of the private company

contracted for municipal waste services led to the remunicipalisation of the service in four municipalities northeast of the capital. The four municipalities co-own an inter-municipal company, Sirkula, which is responsible for handling and collecting waste from 41,000 households in the region. During the privatisation the workers were subjected to very precarious employment conditions, low pay and in some cases wage theft and long working hours. The remunicipalisation led to higher wages, better working conditions, more job security through permanent contracts for the workers and increased union membership in the remunicipalised Oslo waste service. The predominantly migrant workforce also benefited from Norwegian language classes through their union, Fagforbundet (see *Case 29, Waste, Norway, Oslo*).

Similarly, in **Croydon**, a local authority in Greater London, **UK**, library services were remunicipalised after Carillion – a British multinational and a main contractor of public services in the UK – went bankrupt in the beginning of 2018. This resulted in a pay raise for the staff, who were previously on poverty wages. The workers now receive the London Living Wage, which is independently calculated by the University of Loughborough to meet the real cost of living in London (see *Case 48 Library Services, UK, Croydon*). In **Liverpool, UK**, poor quality services and growing contract costs in waste collection, highways maintenance, street cleaning and parks led to a remunicipalisation through a wholly-owned municipal company, which was supported by the trade unions. This led to better pay and pensions and a staff development programme, as well as additional jobs for the local community.

In **Germany, Rostock's** remunicipalisation of water in July 2018 led to better working conditions and pay for the workers. As part of a transitional collective bargaining agreement, the workers receive bonuses in the first two years and benefit from a six-year long protection against redundancies. The agreement also includes a safeguard clause protecting the workers against outsourcing without the consultation and approval of the trade union. The pay increased on average by 300€ per month (see *Case 38, Water, Germany, Rostock*).



The benefits of remunicipalisation can also extend beyond victories for existing union members. The trade union movement can be strengthened when trade unions promote good working conditions for all workers -not just for their members - and the creation of new, quality jobs for the local community. For example, in **Grenoble, France**, the 2001 water remunicipalisation led to an increase in the number of workers. This was in addition to the 82 workers transferred from a semi-privatised company to the new public operator REG at the moment of remunicipalisation (see *Case 35. Water, France, Grenoble*).<sup>11</sup> In **New Zealand** the nationalisation of Mount Eden prison meant that 50 additional staff members were employed (see *Case 50. Prisons, New Zealand, Mount Eden*).

In **Colombia's** capital **Bogotá**, the remunicipalisation of the waste collection service in 2012 was accompanied by the formal recognition of the informal waste workers (*recicladores*) - who make a living by selling the recyclable material collected from the waste. When Bogotá privatised its waste services in 1996, the private companies excluded the *recicladores* from the system, as the contractors were paid per ton of waste trucked to the landfill - a system that was not only bad for the workers, but also for the environment as it discouraged recycling.<sup>12</sup> Within two years of the remunicipalisation, 20 per cent of the *recicladores*- 8112 workers - had become registered and doubled their income to approximately US\$200 a month.<sup>13</sup> As such, the process of remunicipalisation in Bogotá brought better pay, dignity and respect to a whole section of the workforce that was previously excluded as well as environmental benefits. Unfortunately, the remunicipalisation was only of short duration as the next mayor, Enrique Peñalosa, re-privatised the service in February 2018 (see *Case 26, Waste, Columbia, Bogotá*).<sup>14</sup>

#### 4.4. BENEFITS FOR LOCAL AUTHORITIES

Another reason to remunicipalise a public service is that it is usually cheaper as public money is not lost by paying out dividends to shareholders and the cost of borrowing is lower when the loan is from a public bank rather than when money is borrowed as private capital on the financial markets. Moreover, savings and profits made from the service can be re-invested to secure service

maintenance and improve quality. As such remunicipalisation can be an opportunity for local authorities to provide public services at a lower cost while maintaining control over service delivery and quality. Remunicipalisation therefore appears especially relevant local authorities in times of austerity and budget cuts.

Cost benefits have been the main motivation behind several remunicipalisations. For example, in **Bergkamen, Germany**, the mayor commissioned a local authority working group to calculate the costs of remunicipalisation when the contract with private waste service provider Remondis came to an end. The working group concluded that remunicipalisation could reduce costs for the municipality by 30 per cent. This was indeed achieved in 2010, four years on from the remunicipalisation, while the service quality was maintained. This was simply done by recovering the profit Remondis creamed off (see *Case 28. Waste, Germany, Bergkamen*).<sup>15</sup>

In 2001 **Cumbria** County Council signed one of the first major PPPs for highways and road maintenance in the **UK**. When the contract terminated in 2011, Cumbria decided to take the services for highway and road maintenance back in-house. It is estimated that Cumbria has saved £1.8 million a year since then. Moreover, the local authority can now better respond to natural disasters such as floods, which are not uncommon in England's Lake District (see *Case 15. Infrastructure, UK, Cumbria Case*).<sup>16</sup> Other cases where the local authority benefited from cost savings are *Case 29. Waste, Norway, Oslo*; *Case 36. Water, France, Paris*.

Insourcing is providing the means for local councils to direct resources to where they are needed.<sup>17</sup> By delivering quality public services through public ownership and direct management rather than via private operators, local authorities can improve their reputation and image with citizens and service users. A recent report by the Association for Public Service Excellence (APSE) in the **UK** outlined that quality of service delivery is a driving factor for insourcing alongside costs.<sup>18</sup> Insourcing public services gives local authorities and national governments control over the service and thus the service quality can be prioritised.

For example, in **New Zealand**, the government re-nationalised the Mount Eden prison in **Auckland** in July 2015 after a series of scandals including weekly organised fight clubs, and drug consumption that were the result of understaffing.<sup>19</sup> In 2011 the government had handed over the management to the British outsourcing company Serco. The service had subsequently deteriorated. When the government's Department of Corrections took over the management of the prison in 2015, it made immediate improvements, and increased the staffing levels. Consequently, a 55 per cent drop in serious assaults among prisoners was achieved and prisoners reported that they felt a lot safer after the renationalisation (see *Case 50. Prisons, New Zealand, Mount Eden*).<sup>20</sup>

#### 4.5. BENEFITS FOR THE ENVIRONMENT

Public ownership is crucial in addressing climate change. By insourcing services local authorities have more scope to use resources sustainably so that future generations can benefit from clean water and energy and a habitable environment. Remunicipalisation also offers opportunities to depart from the extractivism of private companies that exploit natural resources to sell them on the world market. Through public ownership sustainable resource management that puts the environment before profit becomes possible.

Throughout the world there is evidence that the marketisation of public services is often at odds with environmental protection. For example, in **Bogotá, Columbia** when the local government privatised the waste management service in 1996 the contractors were paid per ton of waste trucked to the landfill. In other words, the more waste was buried in the landfill the more profit for the private providers. Such a system not only discourages recycling but it also had detrimental consequences for the informal waste workers (*recicladores*) who search the waste for recyclables before it entered the landfills since private companies often violently excluded them from the landfill sites.<sup>21</sup>

In **Europe**, strategies to decarbonise energy are incompatible with energy liberalisation policies that encourage more private sector participation in the energy sector. It has become clear that without protection, renewable energy cannot survive in the competitive electricity markets. The rise of renewable energy in Europe was only

possible because it was protected from market liberalisation. By reclaiming public control over the power sector decarbonisation can be prioritised and necessary investments can be made to make the transmission grid fit for the purpose of integrating renewable energy.<sup>22</sup>

Similarly, in the water sector privatisation is at odds with environmental imperatives. For example, in **Jakarta, Indonesia** the privatisation of water has led tariffs to increase by over 300 per cent,<sup>23</sup> around 40 per cent of the city still does not have access to piped water and those that do receive poor quality water. Cuts to the water supply are frequent, the water often smells, causes skin irritations and is sometimes muddy. Consequently, hotels and wealthier residents started to dig their own private deep wells to secure pure ground water. This has caused Jakarta to sink - faster than any other large city on the planet - and 40 per cent of the city is already below sea level. In just ten years from now, North Jakarta, which is home to millions of residents, could be under water (see *Case 39. Water, Indonesia, Jakarta*).

Remunicipalisation gives local administrations more leverage and autonomy to put greater emphasis on greening the service. Trade unions can work together with local authorities to enshrine effective environmental protection practices when remunicipalising the service. For example, in **Port Moody, Canada**, when a five-year waste collection contract was due to expire in 2008, the trade union Canadian Union of Public Employees (CUPE) formed a joint task force together with the municipalities management team to think through the costs and benefits of remunicipalising the service. Based on the research of the taskforce the council voted to insource the service. In preparation for the transition to the new collection system, the municipality, CUPE and the waste workers worked together to educate residents about recycling. Consequently, the city's communication strategy not only earned an award from the Solid Waste Association of North America (SWANA), but recycling rates rose from less than 50 per cent when the service was privately run to 75 per cent after the remunicipalisation. Port Moody's recycling rates are now among the highest in Canada. The service improved considerably while it charges lower fees than its neighbouring communities (see *Case 24. Waste, Canada, Port Moody*).

1. Weghmann, V. (2019) Public Financing. International Transport Workers Federation (ITF). [The report is part of ITF's People's Public Transport Policy].
2. Shaju, P. (14 August 2017) More students, tech in class: how Kerala govt turned its schools around. The Indian Express. Available at: <http://indianexpress.com/article/education/more-students-to-tech-in-class-how-kerala-govt-turned-its-schools-around-4795390/>
3. Hellier, D. (7 September 2015) Robin Hood Energy: Nottingham launches not-for-profit power firm. The Guardian. Available at: <https://www.theguardian.com/environment/2015/sep/07/robin-hood-energy-nottingham-council-launches-not-for-profit-energy-company>
4. Department of Energy and Climate Change (2017) Annual Fuel Poverty Statistics Report. UK government. Available at: [www.gov.uk/government/statistics/sub-regional-fuel-poverty-data-2017](http://www.gov.uk/government/statistics/sub-regional-fuel-poverty-data-2017)
5. Hermann, C. and Flecjer, J. (2012) Privatization of Public Services. Impacts for Employment, Working Conditions, and Service Quality in Europe. Routledge: New York.
6. Food and Water Watch (2009) Water Privatization Threatens Workers, Consumers and Local Economies. Food and Water Watch. Available at: [https://www.foodandwaterwatch.org/sites/default/files/privatization\\_threatens\\_workers\\_report\\_may\\_2009.pdf](https://www.foodandwaterwatch.org/sites/default/files/privatization_threatens_workers_report_may_2009.pdf)
7. Schulten, T. et al (2008) Liberalisation and Privatisation of Public Services and Strategic Options for European Trade Unions. Transfer. Vo. 14, No. 2, pp. 295-311.
8. CUPE (2016) BACK IN HOUSE: Why Local Governments are Bringing Services Home. CUPE. Available at: <https://716.cupe.ca/files/2016/07/Back-In-House.pdf>
9. PSI (28 February 2017) Waste collection in Canada: When private goes public – community wins. Available at: <http://www.world-psi.org/en/waste-collection-canada-when-private-goes-public-community-wins>
10. PSI (28 February 2017) Waste collection in Canada: When private goes public – community wins. Available at: <http://www.world-psi.org/en/waste-collection-canada-when-private-goes-public-community-wins>
11. Lobina, E., Hall, D. (2007) Experience with private sector participation in Grenoble, France and lessons on strengthening public water operations, in Utilities Policy. Vol. 15, pp. 93-109.
12. Samson, M. (2016) Old trash, new ideas: public waste management and informal reclaimers. In: McDonald, D. (ed.) Making Public in a Privatized World. The Struggle for Essential Services. Zed Books.
13. Samson, M. (2016) Old trash, new ideas: public waste management and informal reclaimers. In: McDonald, D. (ed.) Making Public in a Privatized World. The Struggle for Essential Services. Zed Books.
14. Business News Americas (4 January 2018) Bogata awards US\$1.6bn waste mgmt contracts.
15. Kramer, G. and Weingarten, J. et al. (2017) Branchen Analyse Abfallwirtschaft. Hans Bockler Stiftung. No. 354. Pp. 165-72. Available at: [https://www.boeckler.de/pdf/p\\_study\\_hbs\\_354.pdf](https://www.boeckler.de/pdf/p_study_hbs_354.pdf)
16. Presser, L. (2 March 2016) Why have councils fallen out of love with outsourcing vital services?. The Guardian. Available at: <https://www.theguardian.com/society/2016/mar/02/councils-outsourcing-cumbria-public-private-partnership-in-house>
17. APSE (2019) Rebuilding Capacity. The case for insourcing public contracts. Available at: [https://www.apse.org.uk/apse/assets/File/Insourcing%20\(web\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20(web).pdf)
18. APSE (2019) Rebuilding Capacity. The case for insourcing public contracts. Available at: [https://www.apse.org.uk/apse/assets/File/Insourcing%20\(web\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20(web).pdf)
19. Furley, T. (31 March 2017) It's haere rā to Serco as Mt Eden Prison contract ends. RNZ. Available at: <https://www.radionz.co.nz/news/national/327855/its-haere-ra-to-serco-as-mt-eden-prison-contract-ends>
20. Furley, T. (31 March 2017) It's haere rā to Serco as Mt Eden Prison contract ends. RNZ. Available at: <https://www.radionz.co.nz/news/national/327855/its-haere-ra-to-serco-as-mt-eden-prison-contract-ends>
21. Samson, M. (2016) Old trash, new ideas: public waste management and informal reclaimers. In: McDonald, D. (ed.) Making Public in a Privatized World. The Struggle for Essential Services.
22. Weghmann, V. (2019) Going Public: A Decarbonised, Affordable and Democratic Energy System for Europe. The failure of energy liberalisation. European Public Service Union (EPSU).
23. PSI (January 2015) The Impact of Water Privatisation in Jakarta. Available at: [http://www.world-psi.org/sites/default/files/documents/research/fact\\_sheets\\_2\\_the\\_impact\\_final.pdf](http://www.world-psi.org/sites/default/files/documents/research/fact_sheets_2_the_impact_final.pdf)

# 5.

## Remunicipalisation:

## A Worker and Trade Union Issue

### 5.1. WHY REMUNICIPALISATION IS A TRADE UNION ISSUE

**R**emunicipalisation is a trade union issue. Campaigns to return public services to public control and management allow trade unions to re-open discussions about the values and capacity of the public sector to provide quality public services. Remunicipalisation is an opportunity to rethink the ways in which public services are provided and to explore the linkages between publicly owned and managed services and the living and working conditions of public sector workers.

Remunicipalisation also generates a chance to overcome the 'two tier' workforce in public services. In high income countries in particular, the trend to privatise and outsource key public services has led to a divided workforce, in which

directly employed public sector workers have higher job security, better terms and conditions and relatively stable bargaining structures compared to their outsourced colleagues. Directly employed public sector workers are also more likely to be unionised.<sup>1</sup> When services are privatised, public sector trade unions often lose their bargaining status. Consequently, privatisation has also been a significant factor in reducing union membership and union density. In other words, it has served to weaken union power.<sup>2</sup> The negative impact of privatisation on pay and conditions is especially severe in places where public sector collective agreements are not applied to privatised contracts.<sup>3</sup>

While privatisation has often caused trade unions to lose membership, remunicipalisation offers opportunities to reverse this trend (see also section 6.4 and *Case 29 Waste Norway, Oslo; Case 38.*





*Fagforbundet local shop stewards approach Vereino workers to organize them into the union ahead of the imminent Oslo waste remunicipalisation. Photo credit: Fagforbundet*

Water, Germany, Rostock). However, remunicipalisation does not automatically translate into increased unionisation and better working conditions. To ensure remunicipalisation benefits public service workers, trade unions need to carefully plan their strategy and campaigns. Best results are achieved if the workers themselves are not only informed but involved in the remunicipalisation process from the earliest stage possible. When trade unions negotiate a fair transition for all workers involved in the remunicipalisation - regardless of whether they are members or not - public sector insourcing can be used as a tool for trade union vitalisation.<sup>4</sup>

It is also essential that trade unions work closely with service users and community groups involved in the remunicipalisation campaigns. Insourcing services will not automatically improve the service quality - especially where public

funding is restricted. As such it is essential that workers, service users and the communities use the opportunity to re-organise services to better meet the needs of users as well as workers.

## **5.2. DOCUMENTING AND EXPOSING THE DAMAGES OF PRIVATISATION**

Faith in liberalised markets remains strong. Many economists and international institutions, such as the World Bank, the IMF but also the European Commission, retain neoliberal policies, that promote flexibilisation, deregulation and privatisation to extend the influence of the market and to promote capital exchanges across borders.<sup>5</sup> Against this backdrop a first step consists in changing the narrative around privatisation and exposing its negative impact on workers, service users and communities (see for example *Case 25: Waste Canada Winnipeg; Case 29 Waste Norway, Oslo,*



Case 8 Health Care, Australia, Victoria; Case 33. Water, Bolivia, Cochabamba; Case 37. Water, Germany, Berlin; Case 40. Italy Turin and Box 3: Australia's People Inquiry into Privatisation 2016).

It is particularly difficult to promote public ownership when countries face pressure to privatise based on donor conditionality of bail out agreements. This is a lesson that can be learnt from **Cameroon**, one of the first African countries that privatised parts of its waste management services.<sup>6</sup> In 1969, **Douala** had already outsourced the management of its municipal waste services and **Yaoundé** followed ten years later. The United Nations Environment Programme (UNEP) classified this privatisation as a "failed PPP".<sup>7</sup> The performance of the private waste companies was poor and eventually the World Bank intervened in 1994 with an emergency programme to clean up the two cities and in particular manage the open dumps. However, despite the problems, the original company HYSACAM was re-contracted and the PPPs were expanded to 17 other cities across the country.<sup>8</sup> Yet again, HYSACAM's performance was inadequate. Five years into the contract the company still could not access 60 per cent of the neighbourhoods, as the pathways were too narrow for their equipment and these areas continued to be serviced by informal workers.<sup>9</sup> After nearly 50 years of privatised waste services an efficient and effective waste management system has still not been introduced in Cameroon. Despite this dramatic failure the Cameroonian government is still contracting private waste operators and is currently in the process of re-tendering.<sup>10</sup>

Such examples shows that the failures of privatisation, even when strikingly obvious, are often not enough to promote the insourcing of the service. It is therefore vital for remunicipalisation campaigners to move beyond a narrative that highlights the failure of privatisation by creating a positive counter vision that illustrates what can be achieved through public alternatives grounded in public ownership and democratic control.

### 5.3. BUILDING COMMUNITY CAMPAIGNS TO REVERSE PRIVATISATION

The deterioration of working conditions not only takes its toll on workers, but also on the quality of the service and hence service users face

negative consequences. Studies have shown that there is a correlation between the worsening of working conditions due to privatisation and a reduced quality of the service.<sup>11</sup> It is therefore essential that trade unions and community campaigns join forces to reclaim public services.

Supporting remunicipalisation can also help trade unions to build broader alliances with a potential to strengthen progressive civil society movements and to demonstrate the power of trade unionism, especially to those not engaged with the labour movement. In this way, wider remunicipalisation campaigns can contribute to build a positive perception of trade unions within communities by showing concretely that their role goes beyond bread and butter issues and that they play a role in enforcing human and social rights such as promoting public service quality, user access and the protection of the commons.

Much can be learnt from campaigns for the remunicipalisation of water where workers and service users unite around shared goals and narratives. In **Italy** in 2006, the Italian Forum of Water Movements was established to campaign for a referendum against the privatisation of water in June 2011. Its founders were Attac Italy, the *Comitati di Base* (Cobas) trade union and CICMA (Italian Committee for World Water Contract)<sup>12</sup>. Funzione Pubblica (FPCGIL), Italy's largest trade union federation organising public sector workers also joined the campaign. Various environmental groups, including the World Wildlife Fund for Nature (WWF) Italia, religious groups such as the Catholic network of social centres ACLI (*Associazioni Cristiane dei Lavoratori Italiani*) and the consumer association Federconsumatori<sup>13</sup> also became coalition members. Building an alliance among such a wide range of civil society, community and trade union groups became possible by focusing on one key shared principle - water as a human right. The movement's common position was that water should not be treated as a commodity out of which private companies could make profit, but as a common good that should remain in public hands.<sup>14</sup> The Italian Forum of Water Movements won a huge victory when it launched - and won - a national referendum against water privatisation in June 2011.<sup>15</sup>

Campaigns for water remunicipalisation in several EU member states sparked a movement for

public water across **Europe**. In 2013, nearly 1.9 million European citizens across 28 European Union Member States signed the European Citizens' Initiative (ECI), "*Water and sanitation are a human right! Water is a public good, not a commodity!*". This was the first ever successful European Citizens' Initiative, calling for a halt to liberalisation and commercialisation as a means to strengthen the human right to water. The ECI was promoted by EPSU, ETUC and PSI, together with a host of international associations and networks of public water operators, environmental organisations, women's and health organisations.<sup>16</sup> The ECI forced the European Commission to officially respond to the demands of campaigners and it was also the object of a supportive resolution by the European Parliament.<sup>17</sup>

In **Jakarta, Indonesia** a broad coalition demanding the remunicipalisation of water in Jakarta was founded in 2011, that consisted of trade unions and civil society organisations. Women's groups played a leading role in the coalition as inadequate water services particularly affected women since they were primarily responsible for household access to water. Environmental groups were also involved as the lack of access to quality piped water meant that residents had to dig their own wells, contributing to environmental damage (see also section 4.5 and *Case 39. Water, Indonesia, Jakarta*).

In **Australia**, trade unionists and civil society organisations came together to challenge the dominant practices and discourse on privatisation. They organised a '*People's Inquiry into Privatisation*' which created a cohesive and factual narrative on how privatisation harmed workers, service users, families and communities. The Inquiry modelled the practice of the Australian government, through which people are invited to speak before the Senate and take part in a Question and Answer session by the inquiry's panel. Through the People's Inquiry into Privatisation trade unionists gained knowledge on the impact of privatisation and engaged and educated communities and members on its failure. Ultimately, the People's Inquiry solidified a cohesive narrative on why the privatisation of public services should be rejected and influenced public policy despite a hostile, pro-privatisation environment (see *Box 3: Australia's People Inquiry into Privatisation 2016*).

#### 5.4. PROMOTING PUBLIC AUTHORITY SUPPORT FOR REMUNICIPALISATION

Local mayors and politicians can be powerful allies for trade unions when it comes to winning support for remunicipalisation.<sup>18</sup> For example, in **Bergen, Norway** the trade union Fagforbundet built important links with local politicians in anticipation of remunicipalisation opportunities. From 2014 onwards Fagforbundet started to meet regularly with the Norwegian Labour party to prepare for the upcoming 2015 municipal elections and to put remunicipalisation on the political agenda. When the Labour party came into power as part of a local coalition government their lobby work paid off.<sup>19</sup> In May 2016 two elderly care homes, in fact the only two out of around 40 in the area that were privately managed, were remunicipalised (see *Case 18. Social Care, Norway, Bergen*).<sup>20</sup> Fagforbundet also put remunicipalisation on the local political agenda in **Oslo, Norway** after the bankruptcy of two waste management companies, Veireno and RenoNorden in 2017. The trade union successfully lobbied politicians and engaged in a press campaign highlighting the failure of privatisation and putting forward arguments for public ownership (see *Case 29. Waste, Norway, Oslo*).<sup>21</sup>

In **Canada** the trade union CUPE used the momentum of a report it had commissioned to expose the labour and human rights violations in Winnipeg's privatised waste management.<sup>22</sup> On the back of this public reputational damage of the municipality the union CUPE also demonstrated to the Mayor and the Chair of the Water and Waste Committee that other municipalities in Canada, which have publicly run waste management systems, delivered a much better service and paved the way for the partial remunicipalisation of the waste service (See *Case 25: Waste, Canada, Winnipeg*).

In 2012 in **Bogotá, Colombia** Gustavo Petro won the election to become mayor. In his election campaign Petro had received support from the informal waste worker's movement seeking recognition in the local waste management system.<sup>23</sup> Once in power one of the first programmes he implemented was a zero-waste campaign, which included the informal waste workers in the formal waste management system of the city. Petro

also sought to remunicipalise the municipal waste service. However, the private companies that previously ran the service vehemently resisted the remunicipalisation. A long battle eventually ended with the remunicipalisation of the waste collection in half of Bogotá, which, however, was reversed by Petro's successor (see *Case 26. Waste, Columbia, Bogotá*).

However, mayors and local politicians can also oppose remunicipalisation. For example, in **Hamburg, Germany** in response to a campaign to remunicipalise the energy grid through a referendum an anti-remunicipalisation campaign was organised. The anti-remunicipalisation campaign was backed by the mayor, the private companies and also the largest political parties that encouraged citizens to vote against a public energy grid. (see *Case 2: Hamburg*).

A 2012 study of social resistance against water privatisation in Latin America found that political parties and politicians can at times be unreliable allies in civic campaigns. For example, in **Uruguay**, an opposition party that supported a referendum campaign opposed the implementation of the referendum result once it was elected into government. In **Cartagena, Colombia**, a politician who supported remunicipalisation as a candidate for the office of mayor, opposed it after being elected. This was partly because of the World Bank's lending conditions, which made water privatisation a condition for the disbursement of a loan.<sup>24</sup>

### 5.5. MAINTAINING UNION COHESION

Union membership in public services can be fragmented across various and sometimes even competing trade unions. When privatisation and outsourcing cover only parts of the service, trade union membership might reflect and be divided by a private-public split. Consequently, workers might be covered by different collective bargaining agreements and thus represented by different unions or might be excluded from collective bargaining coverage. It is therefore important that trade unions approach organising around remunicipalisation in a holistic manner and avoid competing with each other.<sup>25</sup>

In **Rostock, Germany** the trade union representing the private sector workers mobilised against the remunicipalisation of water as this would have

meant that the workers would be shifted to the jurisdiction of the public sector trade union and the trade union would therefore have incurred a membership loss (see *Case 38, Water, Germany, Rostock*). However, by campaigning against insourcing - especially if done against the will of the service workers - trade unions can damage their reputation, which may have long-lasting negative consequences that go beyond membership loss. For this reason, trade unions directly or indirectly affected by a remunicipalisation process should seek opportunities for dialogue and collaboration. Through open discussions the different trade unions might be able to find shared solutions that also have the public interest at heart.

It is also important for trade unions to inform, consult and support workers throughout the insourcing process and well before the remunicipalisation takes place to mitigate trade union fragmentation. In **Paris, France**, before water was remunicipalised the unions involved produced pamphlets and other information materials to explain to the affected workers how the service would operate under public ownership (see *Case 36 Water, France, Paris*).<sup>26</sup>

### 5.6. CHECKING THE LEGAL AND COLLECTIVE BARGAINING FRAMEWORKS

Remunicipalisation implies the transfer of a public service from a private into a public regime. According to the 2007 Lisbon Treaty, public services fall outside of the scope of the EU competition rules. The privatisation of public services is therefore not enforced by the EU itself, but it is left to the choice of individual member states.<sup>27</sup> Nonetheless, the EU Directive 2001/23/EC of 12 March 2001 ensures that in the case of ownership change or transfer of undertakings from private to public, public to private, or private to private workers are entitled to the same terms and conditions under which they were employed prior to the transfer "until the date of termination or expiry of the collective agreement or the entry into force or application of another collective agreement".<sup>28</sup> This law has been used by workers and their unions as a protection from inferior conditions following privatisation. However, the Directive only provides a temporary protection and does not prevent the new employer from subsequently reducing the headcount or changing terms and conditions, particularly of new recruits.<sup>29</sup>

In most EU countries the legislation on workers' transfer are in line with the European Directive 2001/23/EC. In the **UK**, the remunicipalisation of a service will commonly invoke the Transfer of Undertakings Protection of Employment regulations (TUPE), which mandates that the terms and conditions of employment for transferred workers are protected under a new employer. Insourcing also falls under the remit of TUPE.<sup>30</sup>

Where the European Directive 2001/23/EC conflicts with national legislation on the transfers of undertaking EU law takes precedence. In a recent case in **Portugal** it was shown that according to the national law in the event of a transfer the employees concerned must first undergo a public competitive selection procedure. However, the courts ruled that the European Directive 2001/23/EC precluded the national law.<sup>31</sup> In **Italy**, obstacles exist to the transfer of workers into a full-fledged public service as Art. 97 of the Italian Constitution says "employment in public administration is accessed through competitive examinations".<sup>32</sup> This creates a situation where workers transitioning from a private to a public service can be required to sit a public competition to keep the same job when their service is remunicipalised.

Most European countries have supplemented aspects of the European Directive 2001/23/EC and some countries have developed specific legislation with regard to insourcing. In **France**, Article L5211-4-1 of the French General Code of Local Government Administrations guarantees the maintenance of pay levels and working conditions during the transfer for a minimum of one year, while collective bargaining takes place. However, as French legislation mandates that local authorities do not have the right to create new bodies that have full-fledged public service status, the transferred employees do not become fully integrated into the public service but remain under a special private sector regime, a so-called Industrial and Commercial Public Establishment (EPIC). This means that employees are under a private law regime in a public sector company (*régie publique*) and subsequently are neither covered by the private sector collective agreement nor by the statutes of the relevant local authority. They do not enjoy the same level of job protection and do not have permanent positions (*fonctionnaires titularisés*) as fully fledged public servants. This

demonstrates that when insourcing occurs it is especially important that trade unions negotiate strong collective bargaining agreements as the workers have very little protection guaranteed by the law.<sup>33</sup>

## 5.7. SECURING A FAIR DEAL FOR WORKERS

Even when clear legal rules exist for workers' transitions from private to public services, trade unions will necessarily have to seek negotiations with responsible public authorities to ensure all workers get a fair deal under remunicipalisation. Negotiations with public authorities should not be taken for granted, especially in countries where workers and labour rights in the public sector are curtailed.<sup>34</sup>

It is crucial for trade unions to carefully consider well in advance the future implications of remunicipalisation without assuming that all workers, citizens and users will automatically get a better deal with insourcing. This is why trade unions should involve their members in the process early on and engage constructively with their concerns when joining a remunicipalisation campaign.

The staff in the care homes in **Bergen, Norway**, feared that the proposed remunicipalisation would negatively affect their wages, but the opposite happened: when the municipality took them over in 2016, the staff got higher wages and a new pension scheme was introduced that left workers better off (see *Case 17. Social Care, Norway Bergen*).<sup>35</sup>

However, it is crucial to bear in mind that the transition from the private to the public service does not automatically equate to better working conditions, status and employment protection. In some cases, the take home pay of workers may actually be reduced by shifting into the public sector. In **Bergkamen, Germany** despite the fact that the remunicipalisation led to wage increases of 18 per cent, the workers had earned on average more when the service was run by the private company Remondis as they were working six days a week and paid overtime for working weekends. After the remunicipalisation workers were employed for five days a week.<sup>36</sup> While this reduced the worker's income it had a positive impact on their wellbeing and absence due to illness became



relatively low. Employees report that the remunicipalisation created a positive working environment which is also reflected in the low staff turnover with only two people leaving since 2006<sup>37</sup> (see *Case 24. Waste, Germany, Bergkamen*).

Lastly, it is crucial that trade unions start as soon as possible to organise remunicipalising workers so that strong collective bargaining agreements are secured to guarantee a fair transition and good working conditions. In this way, trade unions can also avoid membership loss and increase union density. In **Rostock, Germany**, the unionisation of the water workers increased by around 30 per cent as part of the remunicipalisation process (see *Case 38, Water, Germany, Rostock*). Similarly, in **Oslo, Norway** the remunicipalisation of waste services led to higher union membership and the organisation of migrant workers (see *Case 29, Waste, Norway, Oslo*).

### 5.8. TRANSFERRING CAPACITY, SKILLS AND KNOW-HOW TO RUN THE IN-SOURCED SERVICE EFFECTIVELY

A common side effect of privatisation is that the municipalities lose the skills and the know-how as well as the machinery and equipment necessary to operate public services. Private providers are aware of this and often use the municipalities dependency on them to their advantage.

In **Winnipeg, Canada** the fact that privatisation meant that the municipality had lost all the tools, especially trucks, as well as staff and competences to run the service was used by the private provider as an excuse to increase the prices of running the service (see *Case 25: Winnipeg, Canada*). This dependency on private providers to deliver a service also means that remunicipalisations need to be well prepared so that the service can run smoothly as soon as the transition is completed.

In **Bogotá, Colombia**, the private provider took advantage of the city's lack of equipment and used this to attempt to prevent the remunicipalisation of the waste collection service. Immediately after the Mayor Gustavo Petro announced that the city would insource the waste collection service in six months' time, the private providers stopped operating the service demanding that the city continued with privatisation and grant them another

long-term contract.<sup>38</sup> Consequently, the rubbish was not collected for four days as the municipality had not yet the trucks needed to deliver the service itself. Eventually, a compromise was reached: the private contractors would still be responsible for 47 per cent of the collection and disposal of municipal solid waste, while Aqua de Bogotá, the municipal water utility, took care of over half of the service (see *Case 26. Waste, Columbia, Bogotá*).<sup>39</sup>

In **Paris, France** when the water supply was remunicipalised after 25 years of privatisation the local authority no longer had all the necessary equipment and human resources to make the service immediately operational. The company had kept the telephones, computers, vehicles and other equipment. Moreover, many of the employees and managers who were retained by the private employers and did not transfer to Eau de Paris had some of the strategic skills required to cover the tasks necessary to run the service after the transition. Consequently, the remunicipalised utility had to make great efforts to rebuild its full operational capacity (see *Case 36. Water, France, Paris*).

These experiences demonstrate the importance of planning well ahead of remunicipalisation to ensure that the transferred workers have the skill and the equipment to properly deliver the public service shortly after it is returned under public control. Workers have valuable on-the-ground knowledge important to facilitate a smooth transition of the service back into public ownership and control. Trade unions and local authorities have a shared interest in collaborating to ensure that the service handover goes well and to end the service dependency on private providers.<sup>40</sup>

In **Rostock, Germany** the private company, Remondis, tried everything in its power to prevent the remunicipalisation of water services as the contract had strategic importance for the company's marketing plan. Firstly, Remondis tried and failed to sue the city over the remunicipalisation. It then negotiated very hard; eventually making an offer that would have meant that the company would actually make a loss from operating the service. When all of this did not work it obstructed a smooth handover to the public authority by not giving the new public company, Nordwasser, access to the information it needed



for the takeover, including the human resources data. This spread fears among employees that Nordwasser would not be able to provide responsible human resources management. However, their union, Ver.di, ensured a smooth transition by encouraging transferred workers to voluntarily register with Nordwasser so that the public utility would have all the human resource data it needed to ensure a functioning service from day one (see *Case 38. Water, Germany, Rostock*).

In **Oslo, Norway** the union, Fagforbundet, worked together with the local authorities to ensure a smooth transition to publicly owned and run waste collection services. The city bought back the trucks and some equipment from the private company as it had no equipment to run the service. It also hired the workers that were previously employed by the private company and provided them with better working conditions and pay. However, as there was still a skill and human resources gap the trade union supported the municipality by reaching out to former waste workers who used to deliver the waste collection service in Oslo before it was privatised and who still had important knowledge of how to operate the municipal waste service in-house (see *Case 29. Waste, Norway, Oslo*).

### 5.9. LOCKING IN REMUNICIPALISATION

Remunicipalisation by itself does not guarantee that a service will stay in public hands thereafter. In **Bogotá, Columbia** the remunicipalisation of waste services only lasted six years. The service was re-privatised by a new mayor in February 2018 despite a strike by 3200 municipal waste collectors affected by the re-privatisation. Rubbish piled up on the streets and eventually a ‘state of sanitary and environmental emergency’ was declared.<sup>41</sup> The new mayor tried to break the strike by sending in riot police and several workers were injured when clashing with police.<sup>42</sup> This shows that trade unions need to be prepared for future privatisation attempts, especially when regime changes occur (see *Case 26, Waste, Columbia, Bogotá*).

To protect themselves against future privatisations some countries and cities prohibit the privatisation of essential public services in their national or local constitutions. For example, national legislation in **Uruguay** and the **Netherlands**

prohibits not only the sale of water systems but also the delegation of water services to private companies.<sup>43</sup> On a city level, the Constitution of **Mexico City**, recognizes essential services, such as water and waste, as a human right and outlaws their privatisation.<sup>44</sup> Moreover, around 40 cities worldwide have become “Blue Communities”, meaning they are committed to three principles:

1. recognising water as a human right;
2. promoting publicly financed, owned and operated water and wastewater services; and
3. banning the sale of bottled water in public facilities and at municipal events.<sup>45</sup>

Blue Communities thus commit to keep water and sewage services in public hands and support other cities to do likewise.<sup>46</sup>

Strong collective bargaining agreements and institutions can also reduce the risk of future re-privatisation. In **Rostock, Germany** the Ver.di trade union included a six-year protection clause against future privatisation or outsourcing of the service without the prior consultation of the union in its collective agreement with the remunicipalised water service (see *Case 38, Water, Germany, Rostock*).

Public procurement regulation can also help decrease the risk of future privatisation. In **Winnipeg, Canada** the CUPE trade union lobbied for a change in the city’s public procurement regulation, so that contracts are no longer awarded on the grounds of the lowest possible price. When bids are awarded solely on the basis of cost private providers are encouraged to make unrealistic offers that put workers, service users and the environment at risk; when profit becomes the prime motive workers, consumers and/or the environment are likely to pay the price. Where decisions over whether to privatise a service or not are based on social and environmental criteria, it is much more likely that the option to deliver the service in-house will outperform private bids. Including social criteria in public procurement frameworks and processes can be a winning strategy to prevent future privatisation and lock in insourcing (see *Case 25, Winnipeg, Canada*).

1. Jakob, C and Sanchez, P. (2015). Remunicipalisation and workers: Building new alliances. In: Kishimoto, S. et al. (eds) Our Public Water Future. Transnational Institute (TNI) Available at: <https://www.tni.org/files/download/ourpublicwaterfuture-1.pdf>
2. Oliver, B. (2014) The impact of privatisation on union membership and density: A Western Australian case study. *The Economic and Labour Relations Review*. Vol. 25. No. 1, pp. 28-46.
3. The Smith Institute (2014) Outsourcing the Cuts: Pay and Employment Effects of Contracting Out. Available at: <http://www.smith-institute.org.uk/wp-content/uploads/2015/09/Outsourcing-the-cuts.pdf>
4. Cibrario, D. (2019) The labour dimension of remunicipalisation: public service workers and trade unions in transition. Transnational Institute (TNI). Available at: [https://futureispublic.org/wp-content/uploads/2019/12/TNI\\_working-paper\\_10\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/12/TNI_working-paper_10_online.pdf)
5. Johnston, D., Saad-Filho, A. (2005) Introduction. In: Johnston, D., Saad-Filho, A. (eds). *Neoliberalism. A critical Reader*. London. Pluto Press.
6. Van Niekerk, S. and Wegmann, V. (2019) Municipal Solid Waste Management Services in Africa and Arab Countries. Public Services International. Available at: <http://www.world-psi.org/en/municipal-solid-waste-management-services-africa-and-arab-countries>
7. UNEP (2018) Africa Waste Management Outlook. Nairobi, Kenya: United Nations Environment Programme. Available at: [https://wedocs.unep.org/bitstream/handle/20.500.11822/25514/Africa\\_WMO.pdf?sequence=1&isAllowed=y](https://wedocs.unep.org/bitstream/handle/20.500.11822/25514/Africa_WMO.pdf?sequence=1&isAllowed=y)
8. Achankeng, E. (2003) Globalization, Urbanization and Municipal Solid Waste Management in Africa. Wiego. Available at: [http://www.wiego.org/sites/default/files/publications/files/Achankeng\\_Globalization\\_Urbanization\\_MSWMgmt\\_Africa.pdf](http://www.wiego.org/sites/default/files/publications/files/Achankeng_Globalization_Urbanization_MSWMgmt_Africa.pdf)
9. Achankeng, E. (2003) Globalization, Urbanization and Municipal Solid Waste Management in Africa. Wiego. Available at: [http://www.wiego.org/sites/default/files/publications/files/Achankeng\\_Globalization\\_Urbanization\\_MSWMgmt\\_Africa.pdf](http://www.wiego.org/sites/default/files/publications/files/Achankeng_Globalization_Urbanization_MSWMgmt_Africa.pdf)
10. Business in Cameroon (2018) HYSACAM comments on government's prescription to recruit new waste removal companies. Available at: <https://www.businessincameroon.com/environment/0805-8015-hysacam-comments-on-government-s-prescription-to-recruit-new-waste-removal-companies>
11. Hermann, C. and Flecjer, J. (2012) Privatization of Public Services. Impacts for Employment, Working Conditions, and Service Quality in Europe. Routledge: New York.
12. <https://contrattoacqua.it/chi-siamo/il-comitato-italiano/>
13. Bieler, A. (2015) Sic Vos Non Vobis (For You, But Not Yours): The struggle for public water in Italy. *Monthly Review*. Vol. 67, no. 5, pp. 35-50.
14. Carrozza, C. and Fantini, E. 2016. The Italian water movement and the politics of the commons. *Water Alternatives*. Vol. 9, no. 1, pp. 99-119.
15. Bieler, A. (13 November 2014) The Struggle for Public Water in Italy. Trade unions and global restructuring. Available at: <http://andreasbieler.blogspot.com/2014/11/the-struggle-for-public-water-in-italy.html>
16. Lobina, E. (2018) Commentary on the European Commission's "Study on Water Services in Selected Member States. A PSIRU Report commissioned by the European Federation of Public Service Unions, February 2018 ([http://gala.gre.ac.uk/19211/7/19211%20LOBINA%20EuropeanCommission%E2%80%99s\\_Study\\_on\\_Water\\_Services\\_2018.pdf](http://gala.gre.ac.uk/19211/7/19211%20LOBINA%20EuropeanCommission%E2%80%99s_Study_on_Water_Services_2018.pdf)).
17. Lobina, E. (2018) Commentary on the European Commission's "Study on Water Services in Selected Member States. A PSIRU Report commissioned by the European Federation of Public Service Unions, February 2018 ([http://gala.gre.ac.uk/19211/7/19211%20LOBINA%20EuropeanCommission%E2%80%99s\\_Study\\_on\\_Water\\_Services\\_2018.pdf](http://gala.gre.ac.uk/19211/7/19211%20LOBINA%20EuropeanCommission%E2%80%99s_Study_on_Water_Services_2018.pdf)).
18. Höffler, F. et al. (2013) Rekommunalisierung: Renaissance öffentlicher Unternehmen?. *Wirtschaftsdienst*. Vo. 93, pp. 71-86 Available at: <https://link.springer.com/article/10.1007/s10273-013-1489-1>
19. Email exchange with Fagforbundet.
20. Geard, K. (22 September 2016) Trives som kommuneansatt. *Fagbladet*. Available at: <https://fagbladet.no/nyheter/trives-som-kommune-ansatt-6.91.409748.9e3d1babb3>
21. Briefing paper from Fagforbundet for EPSU and PSI on the RenoNorden Bankruptcy
22. CUPE (2016) BACK IN HOUSE: Why Local Governments are Bringing Services Home. CUPE. Available at: <https://716.cupe.ca/files/2016/07/Back-In-House.pdf>
23. Gallini, S. (2016) The Zero Garbage Affair in Bogotá. p. 72. In: "A Future without Waste? Zero Waste in Theory and Practice," Mauch, C. (ed). *RCC Perspectives: Transformations in Environment and Society*. No. 3, pp. 69- 77.
24. Lobina, E et al. (2012) Civil society campaigns and social resistance to water privatisation in Latin America: A study of policy networks. In Jacobi, P. et al. (eds.) *Water Governance in Latin America and Europe: social actors, conflicts and territoriality*. São Paulo: Annablume Editora, pp. 163-173.

25. Cibrario, D. (2019) The labour dimension of remunicipalisation: public service workers and trade unions in transition. Transnational Institute (TNI). Available at: [https://futureispublic.org/wp-content/uploads/2019/12/TNI\\_working-paper\\_10\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/12/TNI_working-paper_10_online.pdf)
26. Interview with CFDT Interco Union Federation, 06.09.2018, by Daria Cibrario, PSI.
27. APSE (2019) Rebuilding Capacity. The case for insourcing public contracts. Available at: [https://www.apse.org.uk/apse/assets/File/Insourcing%20\(web\).pdf](https://www.apse.org.uk/apse/assets/File/Insourcing%20(web).pdf)
28. COUNCIL DIRECTIVE 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses, Art. 3.3
29. Hall, D. (2006) Trade Unions and Reform of Public Utilities: International Perspective. Public Services International Research Unit (PSIRU). Available at: [https://gala.gre.ac.uk/id/eprint/3579/1/PSIRU\\_3579\\_-\\_2006-11-Russia-Introview-DH.pdf](https://gala.gre.ac.uk/id/eprint/3579/1/PSIRU_3579_-_2006-11-Russia-Introview-DH.pdf)
30. The local Government Lawyer (2 February 2017) Insourcing: what do you need to know?. The local Government Lawyer. Available at: <https://www.localgovernmentlawyer.co.uk/employment/312-employment-features/33281-insourcing-what-do-you-need-to-know>
31. Curia (13 June 2019) Reference for a preliminary ruling — Directive 2001/23/EC — Transfers of undertakings — Safeguarding of employees' rights — Concept of 'worker' — Substantial change in working conditions to the detriment of the employee. Available at: <http://curia.europa.eu/juris/document/document.jsf?jsessionid=C8DDEF-B6E76C7BE9FDD434CEC90EB505?text=&docid=214945&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=380435>
32. Constitution of the Italian Republic, Art. 97, [https://www.senato.it/documenti/repository/istituzione/costituzione\\_inglese.pdf](https://www.senato.it/documenti/repository/istituzione/costituzione_inglese.pdf)
33. Interview with B. Fasola, CFDT Interco Federation by PSI,
34. Cibrario, D. (2019) The labour dimension of remunicipalisation: public service workers and trade unions in transition. Transnational Institute (TNI). Available at: [https://futureispublic.org/wp-content/uploads/2019/12/TNI\\_working-paper\\_10\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/12/TNI_working-paper_10_online.pdf)
35. Pettersen, B and Monsen, N. (2017) Norwegian municipalities bringing social services back into public hands. In: Reclaiming Public Services. In: Kishimoto, S. and Petitjean, O. (eds) Reclaiming Public services. Transnational Institute (TNI). Available at: [https://www.tni.org/files/publication-downloads/reclaiming\\_public\\_services.pdf](https://www.tni.org/files/publication-downloads/reclaiming_public_services.pdf)
36. Kramer, G. and Weingarten, J. et al. (2017) Branchen Analyse Abfallwirtschaft. Hans Bockler Stiftung. No. 354. Pp. 165-72. Available at: [https://www.boeckler.de/pdf/p\\_study\\_hbs\\_354.pdf](https://www.boeckler.de/pdf/p_study_hbs_354.pdf)
37. Kramer, G. and Weingarten, J. et al. (2017) Branchen Analyse Abfallwirtschaft. Hans Bockler Stiftung. No. 354. Pp. 165-72. Available at: [https://www.boeckler.de/pdf/p\\_study\\_hbs\\_354.pdf](https://www.boeckler.de/pdf/p_study_hbs_354.pdf)
38. Samson, M. and Parra, F. et al (10 March 2014) Bogota's mayor trashed for remunicipalizing waste Available at: <http://municipalservicesproject.org/blog/bogotas-mayor-trashed-remunicipalizing-waste>
39. Samson, M. (2016) Old trash, new ideas: public waste management and informal reclaimers. In: McDonald, D. (ed.) Making Public in a Privatized World. The Struggle for Essential Services.
40. Cibrario, D. (2019) The labour dimension of remunicipalisation: public service workers and trade unions in transition. Transnational Institute (TNI). Available at: [https://futureispublic.org/wp-content/uploads/2019/12/TNI\\_working-paper\\_10\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/12/TNI_working-paper_10_online.pdf)
41. Noticias Financieras English (3 February 2018) Garbage collection in Bogotá.
42. Gill, S. (7 February 2018) Public service meltdown: Bogotá in despair over 3,000 metric tons of garbage. Columbia Reports. Available at: <https://colombiareports.com/public-service-meltdown-bogota-despair-3000-metric-tons-garbage/>
43. Hall, D. and Lobina, E. (2004) Making water privatisation illegal: New laws in Netherlands and Uruguay. Public services International Research Unit (PSIRU) Available at: [https://gala.gre.ac.uk/id/eprint/3769/1/PSIRU\\_9343\\_-\\_2004-11-W-crim.pdf](https://gala.gre.ac.uk/id/eprint/3769/1/PSIRU_9343_-_2004-11-W-crim.pdf)
44. Ciudad de Mexico (2017) Constitucion Política de la Ciudad de Mexico. Available at: [http://www.infodf.org.mx/documentospdf/constitucion\\_cdmx/Constitucion\\_%20Politica\\_CDMX.pdf](http://www.infodf.org.mx/documentospdf/constitucion_cdmx/Constitucion_%20Politica_CDMX.pdf)
45. The blue planet project (no date) The Blue Communities Project. Available at: <http://www.blueplanetproject.net/index.php/home/water-movements/the-blue-communities-project/>
46. Attac Berlin (no date) Blue Community warden. Available at: <https://attacberlin.de/ags/argumente-globalisierungskritiker/blue-community-werden>

# 6.

## Countering Private

## Company Resistance

### 6.1. PRIVATE COMPANIES' TACTICS

**F**or private companies, contracts with the public authorities and governments usually mean substantial profits often over decades, something they will not give up easily. They are likely to strongly resist remunicipalisation and some may go as far as using corruption and bribery (see *Case 39. Water, Indonesia, Jakarta*) or bullying and manipulating local politicians (see *Case 26. Waste, Columbia, Bogotá*). Other common strategies include:

- The threat of compensation, often enforced by international Investor-State Dispute Settlement (ISDS) mechanisms
- National and local legal challenges
- Manipulation of the media and the public narrative
- Corporate influence over workers and unions

The next sections will elaborate these strategies.

### 6.2. COMPENSATION THREATS

Investor protection clauses contained in multilateral and bilateral trade and investment agreements represent serious obstacles to remunicipalisation, even in cases where private contracts prove to be unsatisfactory. Investor-State Dispute Settlement (ISDS) mechanisms like ICSID (International Centre for Settlement of Investment Disputes) allow multinational companies to sue states before an international arbitration tribunal and seek compensation payments in cases of governmental decisions that negatively affect their profits.<sup>1</sup> Only investors can bring forward cases against states and not the other way around. In other words, a parallel legal system is created through which foreign investors can effectively bypass domestic courts and administrative procedures to sue host-state governments in private, international arbitration tribunals.<sup>2</sup>

Over the past two decades the number of ISDS cases has spiraled. While from the late 1950s, when this system was first established, until 2000, only 50 cases were filed, but the number





“Women Collecting Water in Tanzania” ©CC Water For People/Kate Harawa

has subsequently increased dramatically with 500 cases recorded between 2000 and 2014.<sup>3</sup> As of July 2019, the total number of publicly known ISDS claims had reached 983.<sup>4</sup> Use of ISDS courts is a common tool used by private companies in their attempt to prevent the insourcing of a public service (see for example *Case 5. Energy, Lithuania, Vilnius*; *Case 7. Energy, Tanzania, Dar es Salaam*; *Case 33. Water, Bolivia, Cochabamba*; *Case 42. Water, Tanzania, Dar es Salaam*; *Case 43. Water, Turkey, Antalya*). In fact, the reason why bilateral investment treaties that include ISDS mechanisms were established in the first place was ‘to protect investors against expropriation’.<sup>5</sup>

ISDS cases are often brought by Western companies in low- and medium-income countries. This has led several scholars to argue that ISDS developed as a neocolonial mechanism that perpetuated the global asymmetrical relations of power.<sup>6</sup> However, they are increasingly used by investors and multinational corporations against some high income countries and local governments in western Europe.<sup>7</sup>

Municipalities cannot be a party in an ISDS – only nation states can. This makes municipalities more vulnerable to compensation threats via ISDS as

depending on the relevant governance structures, a municipality could be forced to make payments to its national government if compensation is awarded to an investor. This has led academic scholars to warn of a ‘regulatory chill’, meaning the prevention of regulatory protections and policies such as remunicipalisation for fear that an investor could take them to arbitration (see *Case 31. Waste, UK, Sheffield*). An important part of any remunicipalisation campaign is therefore to assess whether and to what extent ISDS clauses – or any similar provision in international or national law – might influence the local decision-making process.

However, private companies often inflate the risk of compensation in order to deter national and local governments from remunicipalising services. While ISDS mechanisms indeed provide a powerful tool for multinational companies to claim compensation for lost profits when public services are nationalized, in practice the scope of compensation, and even whether compensation is at all required, is eventually down to negotiation and thus the power of individual states and/or regions. These negotiations do not take place in a vacuum but are influenced by post-colonial contradictions over sovereignty under globalization, and by



continued political contestation over the resurgent role of the public. As such, not all ISDS claims are successful and they can be successfully resisted. For example, when the water service in **Dar es Salaam, Tanzania** was remunicipalised the private company demanded compensation of \$20 million - \$25 million from the Tanzanian government. However, in the end, it was the company which had to pay compensation (which it never did due to bankruptcy; see *Case 42. Water, Tanzania, Dar es Salaam*). Also, when **Cochabamba, Bolivia**, remunicipalised its water services in 2000, the private company, Bechtel, and its Spanish co-investor Abendoa filed a \$50 million compensation claim in front of an ICSID Tribunal. The legal dispute lasted four years. This caused international protests and press campaigns, demanding that the companies drop the claim. In January 2006 the companies gave in and settled the case for a token payment of 2 bolivianos. This marked a precedent as it was the first time global public pressure caused a large multinational corporation to drop a case before the ICSID.<sup>8</sup> It also shows that multinationals subjected to widespread public pressure - including online campaigns and petitions - may drop compensation demands if they fear reputational damages (see *Case 33. Water, Bolivia, Cochabamba*).

### 6.3. LEGAL THREATS

Legal challenges against remunicipalisation campaigns can be costly. Not only internationally via ISDS but also on a national and regional level if private companies take local governments to court in an attempt to prevent service insourcing (see *Case 38. Water, Germany, Rostock*). However, it should not be forgotten, that privatisation is complicated and costly. Contracts with private providers need to be negotiated, renegotiated and monitored on an ongoing basis. They often involve legal advisory costs, litigation and hearings for both the public authority and private companies. In the **UK**, renegotiations occurred in 33 per cent of all PPP projects signed between 2004 and 2006.<sup>9</sup> According to evidence to the Public Accounts Committee in 2011 consultants and lawyers had earned between £2.8 and £4 billion on all Public Finance Initiative (PFI)\* deals in the UK<sup>10</sup>.

For example, **London** remunicipalised some of the subway and light rail network in 2007 and 2008. In

2003, three large PPPs had been set up to modernise and maintain the infrastructure. Metronet BCV, Metronet SSL and Tubelines were awarded a 30- year contract with Transport for London (TfL) worth over £1.7 billion. In 2007 Metronet went into administration and in 2010, Tubelines followed, after Tubelines claimed a £1.35bn funding gap for major repair work on two main tube lines. TfL challenged the cost estimates and won the arbitration award. Consequently, Tubelines could not continue and TfL bought the company for £310 million.<sup>11</sup> The then Mayor of London, Boris Johnson, revealed that lawyers' fees came to £400 million over the course of the contract. (see *Case 20. Transport, UK, London*).<sup>12</sup>

Other hidden costs in the shape of profit guarantees are often included in privatisation contracts, making the service far more expensive than it would be otherwise. In **Berlin, Germany** the contract with RWE and Veolia for the provision of water included a profit guarantee. The contract was kept secret and was not publicly accessible. Later it became known that Berlin did not consume as much water as predicted and RWE and Veolia then asked Berlin for compensation for foregone profits in an arbitration that was again negotiated behind closed doors. The private companies were thus protected from risks in this contract. Or put differently, the risk was borne by the public alone. Where this information is not publicly available, campaigning for transparency in contracts with the private companies can provide a stepping stone for a remunicipalisation campaign, as the campaign coalition, the Berliner Wassertisch, in Berlin demonstrated (see *Case 37. Water, Germany, Berlin*).<sup>13</sup>

### 6.4. CORPORATE INFLUENCE ON WORKERS AND UNIONS

Corporate capture can take more direct forms. For example, there is a danger that some workers affected by privatisation can be "bought off" through early retirement schemes or other

\* A PFI is a way to finance a PPP through private capital in the UK. In a 2018 PSIRU report Helen Mercer and Dexter Whitfield demonstrate that the usage of PFIs are based on flawed assumptions which allow myriad forms of wealth extraction from the public assets while imposing costs on public authorities and the wider economy.

inducements.<sup>14</sup> According to a 2001 study,<sup>15</sup> this was the case with the 1993 water privatisation in **Buenos Aires, Argentina**. Having been offered a ten per cent shareholding in the private concessionaire Aguas Argentinas, the main trade unions halted their resistance and became supporters of the privatisation - convinced of its inevitability. However, it should also be said that after a number of years, the union became opposed to the privatisation and their shareholding later enabled trade unions to engage in the 2006 remunicipalisation process. Later, when a new national government proposed re-privatisation of water services, the same trade unions fiercely defended the new public enterprise AySA (see *Case 32. Water Argentina, Buenos Aires*).<sup>16</sup>

The risk of corporate capture makes it crucial that national unions and branch representatives communicate clearly and regularly with workers over the remunicipalisation process. The development of a cohesive national union strategy on remunicipalisation is also beneficial to foster solidarity and unity among different sections of the same union and across different struggles. Moreover, union-led educational events and awareness-raising initiatives to share knowledge among public service workers about insourcing can help prevent future conflict and address perceived divergent interests among workers about to be remunicipalised. For example, in **Norway** the Fagforbundet union trained its activists in dedicated workshops to prepare the Oslo waste service remunicipalisation (see *Case 29. Waste, Norway, Oslo*).

## 6.5. THE ROLE OF THE MEDIA

The press and media are rarely impartial about remunicipalisation. Mainstream media might be owned or influenced by private companies or media magnates with an interest in promoting the privatisation/commercialisation of public services and influence neoliberal thinking. Likewise, pro-ruling party or pro-government media can take a partial stance in the debate over remunicipalisation and on the social movements that often accompany the process. It is therefore important for pro-remunicipalisation groups to identify how they can engage with the media and build their own independent communication and social media strategy. With the remunicipalisation of waste collection in **Oslo, Norway** it was the trade union's magazine, Fagbladet, that first revealed the

poor working conditions at the private company Veireno which then went bankrupt - consequently the waste service was in-sourced. The reporting in the magazine helped to get the story covered in national media which facilitated public support for waste service remunicipalisation (see *Case 29. Waste, Norway, Oslo*).

In **Italy**, the water forum faced explicit silencing by the mainstream media regarding information about the referendum. Nonetheless, 27.6 million Italian citizens voted against legislation that guaranteed a profit of seven per cent to private investors running water supply networks.<sup>17</sup> There was a turnout of 54 per cent with a 95 per cent vote in favour. Until then 24 previous referenda had failed over more than a decade, as the required quorum of 51 per cent had not been attained.<sup>18</sup> Despite the silence of the media, a high turn-out at the referendum was achieved through face to face mobilisation.<sup>19</sup>

When **Hamburg**'s inhabitants prepared for a referendum in September 2013 to remunicipalise the electricity grid, Vattenfall, one of the multinational companies that owned the grid, launched an advertising campaign in three main newspapers<sup>20</sup> - die Bild, Hamburger Abendblatt and die Welt - and on local transport.<sup>21</sup> In response to the arguments against remunicipalisation, the citizen coalition "Unser Hamburg, Unser Netz" (our Hamburg, our Grid) countered the fearmongering of the media with creative and factual campaign materials. For example, an animated YouTube video explained why the remunicipalisation of the electricity, gas and long-distance heating grid would aid the transition towards renewable energy and empower the municipality to guarantee basic services. The video defined electricity and heating as a common good that should be democratically controlled. As it was frequently argued in the mainstream press that the remunicipalisation would burden the municipal budget with €2 billion, the video also demonstrated a detailed cost-benefit analysis, which showed that the remunicipalisation would not impact on the budget at all as the electricity grid could be purchased through a loan from the municipal credit society (HGV) that would be repaid over time through the income generated from electricity bills (see *Case 2. Energy, Germany, Hamburg*).<sup>22</sup>

1. Kishimoto, S. and Petitjean, O. (eds) (2017) Reclaiming Public services. Transnational Institute (TNI). Available at: [https://www.tni.org/files/publication-downloads/reclaiming\\_public\\_services.pdf](https://www.tni.org/files/publication-downloads/reclaiming_public_services.pdf)
2. Ciocchini, P. and Houry, S. (2018) Investor State Dispute Settlement: Institutionalising 'Corporate Exceptionality'. Oñati Socio-legal Series. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3194643](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3194643)
3. Ciocchini, P. and Houry, S. (2018) Investor State Dispute Settlement: Institutionalising 'Corporate Exceptionality'. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3194643](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3194643)
4. UNCTAD (2019) ISDS Navigator update: 980+ known investment treaty cases by 31 July 2019. Available at: <https://investmentpolicy.unctad.org/news/hub/1625/20190930-isds-navigator-update-980-known-investment-treaty-cases-by-31-july-2019>
5. Klett, J. (2016) National Interest vs. Foreign Investment - Protecting Parties through ISDS. Tulane Journal of International and Comparative Law. Vol. 25, no. 1, pp. 213-238.
6. Ciocchini, P. and Houry, S. (2018) Investor State Dispute Settlement: Institutionalising 'Corporate Exceptionality'. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3194643](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3194643)
7. Eberhardt, P. et al. (2018) One Treaty to Rule them All. Corporate Europe Observatory (CEO). Available at: [https://www.tni.org/files/publication-downloads/one\\_treaty\\_to\\_rule\\_them\\_all.pdf](https://www.tni.org/files/publication-downloads/one_treaty_to_rule_them_all.pdf)
8. The Democracy Centre. Bechtel vs Bolivia: Details of the Case and the Campaign. Available at: <https://democracyctr.org/archive/the-water-revolt/bechtel-vs-bolivia-details-of-the-case-and-the-campaign/>
9. Hall, D. (2014) Why Public Private Partnerships don't work. The many advantages of the public alternative. Public Services International. Available at: [http://www.world-psi.org/sites/default/files/rapport\\_eng\\_56pages\\_a4\\_lr.pdf](http://www.world-psi.org/sites/default/files/rapport_eng_56pages_a4_lr.pdf)
10. Giles, C. and Timmins, N. (2011) Private finance costs taxpayer £20bn. Available at: <https://www.ft.com/content/65068d1c-bdd2-11e0-babc-00144feabdc0>
11. BBC (27 June 2010) Transport for London completes Tube Lines purchase. BBC. Available at: <http://www.bbc.co.uk/news/10428409>
12. The Lawyer (5 September 2010) Does failure of TfL deals spell the end of the line for PPP bonanza? Available at: <https://www.thelawyer.com/issues/6-september-2010/does-failure-of-tfl-deals-spell-the-end-of-the-line-for-ppp-bonanza/>
13. Arte (12 December 2017) Bis zum letzten Tropfen. Arte. Available at: [https://programm.ard.de/TV/arte/bis-zum-letzten-tropfen/eid\\_28724387300131](https://programm.ard.de/TV/arte/bis-zum-letzten-tropfen/eid_28724387300131)
14. Jakob, C and Sanchez, P. (2015). Remunicipalisation and workers: Building new alliances. In: Kishimoto, S. et al. (eds) Our Public Water Future. Transnational Institute (TNI) Available at: <https://www.tni.org/files/download/ourpublicwaterfuture-1.pdf>
15. Loftus, A. et al. (2001) Of liquid dreams: a political ecology of water privatization in Buenos Aires. Environment and Urbanization. Vol. 13, no,2, pp. 179-199. Available at: <http://journals.sagepub.com/doi/pdf/10.1177/095624780101300215>
16. Loftus, A. et al. (2001) Of liquid dreams: a political ecology of water privatization in Buenos Aires. Environment and Urbanization. Vol. 13, no,2, pp. 179-199. Available at: <http://journals.sagepub.com/doi/pdf/10.1177/095624780101300215>
17. Lobina, E. (22 December 2017) Turin city council votes to fully remunicipalize its water utility. Public Services international. Available at: <http://www.world-psi.org/en/turin-city-council-votes-fully-remunicipalize-its-water-utility>.
18. Carrozza, C. and Fantini, E. (2016) The Italian water movement and the politics of the commons. Water Alternatives. P. 103. Vol. 9, no. 1, pp. 99-119.
19. Bieler, A. (2014) The Italian water movement and the 2011 referendum. Interview notes. Interview with Forum Italiano dei Movimenti per l'Acqua. In. Rome/Italy, 25 March 2014.
20. Diekmann, F. (16 August 2013) Vattenfall-Werbung provoziert Ärger mit Netzagentur. Der Spiegel. Available at: <http://www.spiegel.de/wirtschaft/service/vattenfall-droht-wegen-stromnetz-werbung-in-hamburg-aerger-a-916951.html>
21. Hamburger Abendblatt (12 September 2013) Available at: <https://www.abendblatt.de/hamburg/article119972287/Hochbahn-stoppt-Vattenfall-Werbung-zum-Volksentscheid.html>
22. Unser Hamburg - Unser Netz (5 September 2013) Fred Animation. Available at: <https://www.youtube.com/watch?v=8w65RlCr984>

# 7.

## Innovative Forms of Public Service Delivery and Financing

### 7.1. PUBLIC SERVICES THAT WORK FOR THE PEOPLE

One of the critical factors for the success of remunicipalisation is the way public services can be sustainably financed without disproportionate costs for users, dwellers and workers, especially the most vulnerable. In effect, lack of resources, conservative budgeting and austerity are among the most common arguments used in favour of privatisation, since it is claimed that only private companies are able to make the necessary upfront investment needed to setup, run and maintain a particular service.

Previous PSIRU research<sup>1</sup> has shown that this is not the case as private sector financing is usually much more expensive because it

- a) relies on borrowing private money which is more expensive than public sector bonds;
- b) the private sector needs to make profits and the dividends paid out to the shareholders add to the cost; and
- c) the private sector may be more prone to corruption, which is incentivised by the lucrative long-term contracts that function as

a profit-guarantee for the private companies. The cost of corruption will essentially be carried by the public purse.

The public sector therefore has a comparative advantage in financing the delivery of public services, while alternative funding mechanisms exist to deliver public services when public budgets are constrained. These include:

- Procurement guidelines for public anchor institutions to keep local resources in the community
- The use of Public-Public-Partnerships
- Participatory Budgeting
- The involvement of cooperatives to deliver public services based on the principle of universal access

### 7.2. “ANCHOR INSTITUTIONS” – PUBLIC INSTITUTIONS WITH LEVERAGE

**Preston**, a city in the county of **Lancashire, UK** is showing how rethinking public services can transform an entire city. Preston is battling with austerity as Lancashire’s central government grant



was cut by 40 per cent between 2011-2017. The city unemployment and social inequality rates are high.<sup>2</sup>

Inspired by cooperatively run communities in Cleveland, Ohio, and by the world's largest co-operative group, Mondragón, in the Basque region of Spain, the Mayor of Preston decided to turn its local economy around by transforming public procurement practices and thus the public services themselves. Preston started with its six biggest public institutions (called 'anchor institutions'), Preston City Council, Lancashire County Council, Preston's College, University of Central Lancashire, Lancashire Constabulary, and Community Gateway, and helped them to re-organise their supply chains and identify where they could buy goods and services locally.<sup>3</sup> Consequently, local public spending increased significantly, despite budget cuts as procurement was brought back to the short, local supply chains. In 2012/13, £750m was spent on goods and services by the six anchor institutions, but only a tiny proportion of it was spent locally: only five per cent was spent in Preston and 39 per cent across Lancashire. By 2016/17 local spending had increased significantly; of £620m spent on goods and services by the same anchor institutions 19 per cent was spent in Preston and 81 per cent in Lancashire as a whole.<sup>4</sup> Legally, Preston's initiative is based on the Public Services (Social Value) Act 2013, which allows public bodies in England to take the social, environmental and economic impact of their commissioning into account.<sup>5</sup>

Preston also promotes the establishment of worker-owned cooperatives that can compete for public sector contracts.<sup>6</sup> The council has implemented and promoted the real Living Wage,<sup>7</sup> which is independently calculated to meet the real cost of living.<sup>8</sup> This, in turn, has had a positive knock-on effect on local public spending as many public sector workers live in the localities, they work in. The whole community has benefited. In 2016 Preston was named best city in north-west England in which to live and work<sup>9</sup> and in 2018 the accountancy firm PricewaterhouseCoopers rated Preston as the most improved city in its Good Growth Index.<sup>10</sup>

The Preston case shows that local authorities through progressive public procurement practices can foster social inclusion in their local

communities even at times of austerity and budget cuts. When the direct remunicipalisation of public services is not possible, a local social responsibility approach that encourages the creation of workers' cooperatives can be a better alternative to the provision of public services by multinational companies. It is essential though that the cooperatives providing the service ensure everyone has access to these vital services and not just cooperative members. However, the Preston model does not challenge the market logic as it continues to outsource and maintains the (local) for-profit delivery of public services. The Preston model is, therefore, not a replacement for remunicipalisation and public ownership.

### 7.3. PUBLIC-PUBLIC PARTNERSHIPS

Public-Public-Partnerships (PuPs) are distinct from Public-Private-Partnerships (PPPs). PuPs are a collaboration between two or more public partners to improve the capacity and effectiveness of one or all partners in providing public services. PuPs can be between countries, between different municipalities or cover different public services in one municipality. Based on solidarity and a commitment not to make private profits, PuPs are peer relationships forged around common values and objectives.<sup>11</sup> The absence of commercial considerations allows the PuPs partners to reinvest all available resources into the development of local capacity. This enables the partners to build mutual trust and thus translates into long term capacity gains.

In practice, PuPs' work can be divided into five broad categories:

- training and developing human resources,
- technical support on a wide range of issues,
- improving efficiency and building institutional capacity,
- financing services,
- improving public participation.

A common way to initiate PuPs is through city to city relationships. For example, **Sevilla, Spain**, developed several PUPs that were motivated by international solidarity. A PuP between Sevilla and **Ciudad Sandino, Nicaragua** led to the establishment of a municipal water company with public participation. There are also country to country PuPs; or example, a partnership between **Finland**



Royal Bathroom at the Alcázar in Seville, Spain

and **Vietnam** was developed through the Finnish bilateral development agency (FINNIDA) and led to a more efficient water supply system and workforce training in Vietnam. Between 1990 and 1995 50 per cent of the investment of the Vietnamese water company, Hai Phong Water Supply Company (HPWSC), came from this PuP.<sup>12</sup>

PuPs can also be a means to protect a public company that is threatened by privatisation. In **Cali, Columbia** in 2016 Emcali, a municipal public service provider of water, electricity and telecommunications, was required by the municipal government to privatise its telecommunication unit, as it was supposedly not making enough profit. The water utility union, Sintraemcali, resisted the privatisation and was successful in proposing the establishment of a PUP instead. Antel, **Uruguay's** state-owned telecommunication company, which provides the world's most inclusive and America's fastest national broadband network, set up a PuP with Emcali.<sup>13</sup>

In **Paris, France**, Eau de Paris encourages public peer-to-peer learning and supports capacity building for public utilities in and outside of France.

PuPs can also be set up at a municipal or regional level. As found by a recent German study<sup>14</sup> regional-level PuPs are especially common in the waste sector as it is easier and more advantageous for municipalities with small budgets to share equipment and mutualize assets and costs. These PuPs are at times called "intermunicipal consortiums". The **Sardinia** region in **Italy** set up an inter-municipal public waste management system. Not only did it establish an effective waste sorting system, it also reduced its waste generation by 16 per cent - 143,724 tones - between 2006-2015.<sup>15</sup>

Another form of PuP is the cross-subsidisation of public services, which can help to ensure the financial sustainability of basic public services even when they are not individually profitable. In **Germany** this is a common way to fund public services that cannot be financed by user-charges alone and would only be accessible to the wealthier users if they were not subsidised. With austerity measures, **Munich**, like other cities in Germany, experienced a decrease in national funding for public transport, leading to a deficit for the Munich Transport Company (MVG). Its parent company, Munich's public utility Stadtwerke

Muenchen (SWM), balanced this debt with the surplus achieved in the electricity sector.<sup>16</sup>

#### 7.4. PARTICIPATORY BUDGETING

The practice of participatory budgeting was first introduced in Puerto Alegre (Brazil) over 30 years ago. The aim is to enable local people to have democratic control over municipal budgets ensuring public spending is in line with the interests of the community. Since then it has been adopted by many municipalities across the world. It is estimated that there are currently over 20,000 participatory budgeting projects globally, involving at least at least 1,700 local governments in over 40 countries.<sup>17</sup>

Research has shown that participatory budgeting (PB) has led to improvements in the provision of basic public services. A study that reviewed the experience in 20 locations across the world showed that the most prioritised public services with PB are infrastructures, specifically roads and paths, followed by water and wastewater management and treatment, as well as energy and public lighting. In Scotland £500,000 has been allocated via PB to bus transport in the Western Isles.<sup>18</sup> In **Yaoundé, Cameroon**, a project approved through PB led to a water tap serving a community of 50,000 inhabitants and in **Porto Alegre, Brazil** it approved the creation of a water treatment plant.

PB typically involves a small share of the local authority budget. Among the local communities with the largest PB resources are **Ilo, Peru; Porto Alegre and Guarulhos in Brazil**. Here residents through PB have a say on a budget equivalent to more than US\$ 120 per inhabitant per year. Most PB projects fall into the US\$ 2–35 per inhabitant per year range.<sup>19</sup>

Although PB is often applied to a small part of local government budgets, it has led to considerable improvements in basic public service access and residents' quality of life enabling the community to collectively allocate resources to meet specific local situations and needs. PB can also increase transparency and accountability; and can enhance democratic governance within communities, local government, and in the interaction between the two. Interestingly, there are indications that PB can even boost municipal budgets

as it correlates with higher tax revenues and lower tax evasion. Presumably, this is because the PB process raises awareness among the population about the level of municipal resources, their source and constraints.<sup>20</sup>

#### 7.5. COOPERATIVES' PARTICIPATION

Public ownership and control of public services can be combined with cooperative and community ownership. This is especially evident in the energy sector in **Europe** where there has been a trend towards local participation in energy systems on a municipal and community level. However, while decentralisation can create initial space for community and/or workers run cooperatives, there is also a danger that cooperatives turn into gated, members only energy communities leaving part of the population excluded. It is therefore crucial that no matter what form public ownership takes, the principle of universal access must be enshrined.

A successful way of combining public and cooperative ownerships was piloted in **Wolfhagen**, a small town in the middle of **Germany**, among the first to remunicipalise its electricity grid after 20 years of privatisation. In 2010 – four years after the remunicipalisation of the grid - the municipality aimed to widen citizen participation and to increase the resources invested in renewable energy by establishing a local cooperative that would partly own the municipal utility. In 2012 the cooperative, *Buergerenergiegenossenschaft Wolfhagen* (BEG), was founded with 264 members and capital of over €800,000. The BEG attained ownership of 25 per cent of the municipal utility.<sup>21</sup> Only electricity users can become a member of the BEG cooperative by buying a share of €500 capped to 40 shares per member. This model enabled the municipal utility to have more resources available for renewable energy projects while it also functioned as a stable investment for the members. Moreover, it strengthened the democratic governance of the municipal utility as cooperative members could directly participate in the decision-making. The BEG is represented in the governing body of the municipal authority, which consists of nine people, of which two are representatives of the BEG, one of the work council and six of the municipality.<sup>22</sup> In March 2018 the BEG had 850 members and managed about four million euros for its members (see *Case 4*



Energy, Germany Wolfhagen).<sup>23</sup> A similar model has been explored in **Stuttgart, Germany** where a successful remunicipalisation of the electricity grid was followed by a partnership between the municipality and a community cooperative to increase the supply of green energy (see *Case 3 Energy Stuttgart*).

These examples show that public ownership and cooperatives are not mutually exclusive but can operate in partnership with each other. This can be especially relevant when it comes to natural monopolies such as the energy grid – there is only one set of pylons and cables that bring electricity to the end users. A decarbonised energy system depends on a modern and expansive grid into which renewable energy can be fed. Hence, the production of local and community-run renewable energy rests on a grid that is fit for purpose. In **Denmark** which is one of Europe’s leaders in terms of renewable energy, strong community engagement in wind energy was only possible because the grid is publicly owned and controlled. Most of the wind energy production in Denmark is based on local ownership. By 2013, 70-80 per cent of existing wind turbines were owned by communities.<sup>24</sup> This is facilitated by an arrangement where the turbine owners are only required to pay for the connection to the closest technically-feasible point in the grid and the remainder of the network expansion is covered by the utilities. This combination of public and community ownership proved to be highly successful: almost half of Denmark’s energy is produced by wind energy.<sup>25</sup>

While the participation of communities and cooperatives in electricity production should be encouraged it is important to ensure that their participation does not involve for-profit energy sale at the expense of other community residents who are not members of the cooperative. Otherwise, there is a real danger of increased corporate involvement in the public utility and privatisation. The individualisation of the energy production has already become a profit opportunity for multi-national data companies like Amazon and Google, which are moving into the energy sector through home-energy automation.<sup>26</sup>

1. Hall, D. (2014) Why Public Private Partnerships don’t work. The many advantages of the public alternative. Public Services International (PSI). Available at: [http://www.world-psi.org/sites/default/files/rapport\\_eng\\_56pages\\_a4\\_lr.pdf](http://www.world-psi.org/sites/default/files/rapport_eng_56pages_a4_lr.pdf)
2. The Guardian (14 February 2017) Poverty was entrenched in Preston. So we became more self-sufficient. The Guardian. Available at: <https://www.theguardian.com/society/2017/feb/14/poverty-was-entrenched-in-preston-so-we-became-more-self-sufficient>
3. Centre for Local Economic Strategies (2017) Community Wealth Building Through Anchor Institutions. CLES. Available at: [https://cles.org.uk/wp-content/uploads/2017/02/Community-Wealth-Building-through-Anchor-Institutions\\_01\\_02\\_17.pdf](https://cles.org.uk/wp-content/uploads/2017/02/Community-Wealth-Building-through-Anchor-Institutions_01_02_17.pdf)
4. Manley, J. (23 November 2017) Local democracy with attitude: the Preston model and how it can reduce inequality. LSE blogs. Available at: <http://blogs.lse.ac.uk/politicsandpolicy/local-democracy-with-attitude-the-preston-model/>
5. The Guardian (14 February 2017) Poverty was entrenched in Preston. So we became more self-sufficient. The Guardian. Available at: <https://www.theguardian.com/society/2017/feb/14/poverty-was-entrenched-in-preston-so-we-became-more-self-sufficient>
6. Brown, M. (7 June 2018) Our town and cities operate in a straight-jacket, but community wealth building offers hope. Available: <https://party.coop/2018/06/07/our-towns-and-cities-operate-in-a-straight-jacket-but-community-wealth-building-offers-hope/>
7. The real Living Wage is independently-calculated based on what people need to meet the costs of living in the UK. It is thus different from the minimum wage, which is the minimum any employer needs to pay, and which the UK government calls the ‘national living wage’.
8. The Guardian (14 February 2017) Poverty was entrenched in Preston. So we became more self-sufficient. The Guardian. Available at: <https://www.theguardian.com/society/2017/feb/14/poverty-was-entrenched-in-preston-so-we-became-more-self-sufficient>



9. The Guardian (14 February 2017) Poverty was entrenched in Preston. So we became more self-sufficient. The Guardian. Available at: <https://www.theguardian.com/society/2017/feb/14/poverty-was-entrenched-in-preston-so-we-became-more-self-sufficient>
10. Partington, R. (1 November 2018) Preston named as most improved city in UK. The Guardian. [https://www.theguardian.com/politics/2018/nov/01/preston-named-as-most-improved-city-in-uk?utm\\_term=Autofeed&CMP=twit\\_b-gdn-news&utm\\_medium=Social&utm\\_source=Twitter#Echobox=154106511](https://www.theguardian.com/politics/2018/nov/01/preston-named-as-most-improved-city-in-uk?utm_term=Autofeed&CMP=twit_b-gdn-news&utm_medium=Social&utm_source=Twitter#Echobox=154106511)
11. Hall, D. and Lobina, E. (2009) Public-public partnerships (PUPs) in water. Public services International Research Unit (PSIRU). Available: <https://gala.gre.ac.uk/id/eprint/1708/1/2009-03-W-PUPS.pdf>
12. Hall, D. and Lobina, E. (2009) Public-public partnerships (PUPs) in water. Public services International Research Unit (PSIRU). Available: <https://gala.gre.ac.uk/id/eprint/1708/1/2009-03-W-PUPS.pdf>
13. Chavez, D. (12 June 2018) Towards a new international public-public partnership. Transnational Institute (TNI). Available at: [https://www.youtube.com/watch?time\\_continue=5&v=fJVjNCG5Dxs](https://www.youtube.com/watch?time_continue=5&v=fJVjNCG5Dxs)
14. CURACON (2018) Studie Oeffentlich-Oeffentliche Partnerschaften 2018. Experiment oder Erfolgsgarant: gemeinsam auf den Weg in die Zukunft? CURACON. Available at: <https://www.curacon.de/impulse/studien/studie/278-studie-oeffentlich-oeffentliche-partnerschaften-2018/>
15. Zero Waste (13 January 2018) CASE STUDY 10 - The Story of Sardinia - Zero Waste Europe. Available at: <https://zerowasteurope.eu/downloads/case-study-10-the-story-of-sardinia/>
16. Buehler, R. (2015) Regional Coordination in Public Transportation: Lessons from Germany, Austria, and Switzerland. MAUTC/USDOT
17. Cabannes, Y. (2015) The impact of participatory budgeting on basic services: municipal practices and evidence from the field. Environment & Urbanisation. Vol. 27, no 1, pp. 257-281
18. Dias, N. (2018) Hope for Democracy. 30 Years of Participatory Budgeting Worldwide. Available at: [http://repositorio.ul.pt/bitstream/10451/34460/1/ICS\\_RFalanga\\_The\\_National\\_Participatory\\_ART.pdf](http://repositorio.ul.pt/bitstream/10451/34460/1/ICS_RFalanga_The_National_Participatory_ART.pdf)
19. Cabannes, Y. (2015) The impact of participatory budgeting on basic services: municipal practices and evidence from the field. Environment & Urbanisation. Vol. 27, no 1, pp. 257-281
20. Cabannes, Y. (2015) The impact of participatory budgeting on basic services: municipal practices and evidence from the field. Environment & Urbanisation. Vol. 27, no 1, pp. 257-281
21. Schroder, J. (26 August 2014) Direkte Bürgerbeteiligung am kommunalen Stadtwerk – Demokratisierung der Energiewende. Stadtwerke Wolfhagen GmbH. Available at: [http://www.die-linke-thl.de/fileadmin/lv/dokumente/Themendokumente/das-oeffentliche/20140826-fachtagung/140826\\_Arnstadt\\_SW-Wolfhagen.pdf](http://www.die-linke-thl.de/fileadmin/lv/dokumente/Themendokumente/das-oeffentliche/20140826-fachtagung/140826_Arnstadt_SW-Wolfhagen.pdf)
22. Schroder, J. (26 August 2014) Direkte Bürgerbeteiligung am kommunalen Stadtwerk – Demokratisierung der Energiewende. Stadtwerke Wolfhagen GmbH. Available at: [http://www.die-linke-thl.de/fileadmin/lv/dokumente/Themendokumente/das-oeffentliche/20140826-fachtagung/140826\\_Arnstadt\\_SW-Wolfhagen.pdf](http://www.die-linke-thl.de/fileadmin/lv/dokumente/Themendokumente/das-oeffentliche/20140826-fachtagung/140826_Arnstadt_SW-Wolfhagen.pdf)
23. Email exchange with the board of the BEG Wolfhagen on the 26 March 2018.
24. European Committee of the Regions (2018) Models of Local Energy Ownership and the Role of Local Energy Communities in Energy Transition in Europe. Available at: <https://cor.europa.eu/en/engage/studies/Documents/local-energy-ownership.pdf> (Accessed 8 July 2019).
25. Danish Energy Agency (2016) The Danish Energy Model. Available at: [https://ens.dk/sites/ens.dk/files/Globalcooperation/the\\_danish\\_energy\\_model.pdf](https://ens.dk/sites/ens.dk/files/Globalcooperation/the_danish_energy_model.pdf) (Accessed 8 July 2019).
26. Markman, J. (2019). Amazon and Google Launch Secret Plot To Power Your Home. Forbes. Available at: <https://www.forbes.com/sites/jonmarkman/2019/02/27/amazon-and-google-launch-secret-plot-to-power-your-home/#5e643c676aa8>

# 8.

## Conclusions:

## Summary of Lessons learnt

### LESSON 1: DO NOT PRIVATISE IN THE FIRST PLACE

The best way to avoid the negative impact of privatisation on workers, users and communities – as well as the costs of remunicipalisation - is not to privatise in the first place. Trade unions can send out this message clearly to politicians and policy makers pushing for public service privatisation. They can back their position with the ample available evidence on the many problems of privatisation and the advantages of public service provision.

### LESSON 2: DEVELOP A CONCRETE CASE FOR REMUNICIPALISATION

It is important to evidence that privatisation, in its many forms has harmed communities, the environment and workers and to change the pro-privatisation narrative. But trade unions need to go beyond highlighting the failures of privatisation and make concrete, evidence-based proposals for the insourcing of public services. Around the world trade unions and their allies have

demonstrated through detailed cost-benefit analyses that public services can be enhanced when they are publicly owned and controlled.

### LESSON 3: REMUNICIPALISATION CAN HELP TO REVERSE THE GLOBAL TIDE OF PRIVATISATION

Remunicipalisation can help to reverse the global tide of privatisation. More and more local communities around the world and across sectors are insourcing public services and managing them directly and developing new forms of democratic and participatory governance to enhance the quality of the service - accordingly a global repertoire is being built that showcases better public alternatives.

### LESSON 4: PUBLIC OWNERSHIP IS INTEGRAL TO CHALLENGING CLIMATE CHANGE

It is unlikely that private companies that privilege profit and shareholder value will take steps to build the infrastructure and make the investment

necessary to tackle climate change. The switch to renewable energy will not be made through the market. Environmental activists are natural allies in campaigns for remunicipalisation.

#### **LESSON 5: REMUNICIPALISATION BENEFITS WORKERS AND TRADE UNIONS**

When strategically planned and implemented remunicipalisation can offer an opportunity to improve public service workers conditions including pay, staffing levels, skill development, health and safety and representation at work. Insourcing can also provide opportunities to increase trade union membership and collective bargaining coverage. The majority of cases studies highlighted in this report show that workers and their trade unions have ultimately benefitted by supporting remunicipalisation.

#### **LESSON 6: WORKERS, UNIONS AND CIVIL SOCIETY ORGANISATION UNITE**

Public service workers, unions, users and local communities all lose out through privatisation. Conversely, trade unions increase their chances of success when they campaign as leaders or as members of wider remunicipalisation coalitions together with civil society organisations and community groups based on solidarity and shared, progressive objectives.

#### **LESSON 7: THINK LOCAL. EMBEDDING THE REMUNICIPALISATION CAMPAIGNS IN COMMUNITY ISSUES.**

Trade unions promoting public service remunicipalisation can significantly enhance their advocacy and win more support by connecting their demands with the key issues and unaddressed needs of local communities. Linking up and making the case for public service remunicipalisation as a viable solution to concrete local problems has consistently proved a winning strategy.

#### **LESSON 8: PLAN REMUNICIPALISATION STRATEGICALLY AND PREPARE**

Good public services cannot be set up and made run overnight. It is important to plan ahead and prepare for remunicipalisation so that the human and financial resources, governance, the institutional set up, the infrastructures, the equipment,

and the necessary workers are all in place and in good shape to run the service smoothly as soon as possible after the remunicipalisation process is completed.

#### **LESSON 9: LOCK REMUNICIPALISATION IN**

Remunicipalisation and a well-run public service are not the end of the journey as there is always the danger of re-privatisation. If the service is profitable the private operators will most certainly seek to get their foot back in the door. Careful attention is required when remunicipalised services grant advisory contracts to private companies, as this can be used by the companies to get a foot in the door for future privatisations. Unions can prevent this from happening by anticipating and monitoring signs of re-privatisation and by locking in remunicipalisation via collective bargaining agreements, local government constitutions and public procurement regulations.

#### **LESSON 10: THINK GLOBAL. BUILD INTERNATIONAL SUPPORT FOR REMUNICIPALISATION**

Local remunicipalisation campaigns are more successful when they are publicly visible, and have international resonance through, for instance, effective international media strategies, online petitions and videos.

#### **LESSON 11: DOCUMENT AND SHARE YOUR REMUNICIPALISATION STORY**

It is crucial that trade unions – as well as their civil society allies and local governments - involved in a public service remunicipalisation campaign and/or process share their insider knowledge, expertise and lessons learnt. It is with this on the ground knowledge that national and international trade union federations can pool the expertise to strengthen the global public service movement.

# 9.

## A Remunicipalisation Check-list for Workers and Trade Unions

**B**ased on the review of the remunicipalisation cases contained in this guide here are some key factors trade unions could consider when planning a public service insourcing campaign:

### MAP THE PRIVATISED SERVICE PERFORMANCE

- What is the performance of the private company in delivering services?
- How much and with what results did the private company invest in the service?
- Is the private operator addressing climate change issues in the way it runs the service?
- Is the private operator enhancing user access to the service?
- How is private sector delivery affecting inequality and social inclusion in the local community and particularly fuel and water poverty?
- How has privatisation affected jobs and working conditions?
- What costs were incurred for local authorities during the privatisation of the service (for example, how high were the fees paid to lawyers

involved in negotiating and re-negotiating the contract and did the local authority have to subsidise the private provider?)

- What profits and shareholder payments does the privatised service generate per year?
- How much of the profit was reinvested into the maintenance and enhancement of the service?
- Did the private company accumulate an unreasonable amount of debt when running the service?
- Is the company supporting vulnerable users and households to access the service?
- What is the governance system within the service? Do users, citizens and workers have a say in how the service is operated?

### CONTRACT TERMINATION VERSUS NON-RENEWAL

- When does the current private contract expire? Will it be retendered or renewed?
- What is the process to follow for contract renewal or termination (international, national, local law and contract including the fine print)?



- Do tendering criteria go beyond cost to enshrine social and environmental targets?
- Mapping trade union presence and membership
- Which trade union(s) represent workers in the private contracted operator?
- Where and who are unorganised workers?
- What are the levels of trade union membership?
- What are national and branch trade union policies with regard to public service remunicipalisation?
- If more unions are present at the same workplace, can they work together? What are their common objectives with regard to remunicipalisation?
- What legislations (international, national and local) are there to regulate the orderly return of private to public services?
- What support can national and international trade union federations and confederations provide?

### **BUILDING POLITICAL AND COMMUNITY SUPPORT FOR REMUNICIPALISATION**

- What is the position of the local and regional authorities on remunicipalisation?
- What is the position of the national authorities (if any) on remunicipalisation?
- Which civil society and environmental groups and community leaders could join a pro-remunicipalisation campaign coalition?
- Which politicians and/or elected representatives are or could be in favour of the service remunicipalisation? Which ones could trade unions work with?
- How can the public opinion be mobilised to support service remunicipalisation?

- What are the community issues related to the service that would benefit from remunicipalisation?
- What are the shared and individual objectives of each group in the remunicipalisation?
- What mobilisation tactics could be the most effective (e.g. demonstrations, public hearings, flash mobs etc.)?
- What media strategy would be most useful (international, national, local newspapers; publication of report; pamphlets; videos; social media, international online petitions etc.)?

### **RUNNING THE CAMPAIGN**

- What are the costs of running the campaign and available resources?
- What are the legal and regulatory obstacles and what advice is available?
- Running the public service
- What are the initial, mid-term and long-term cost implications for the local authorities if they were to takeback control of the service?
- Are there enough resources to remunicipalise and smoothly run the service afterwards (local or national authorities' budgets, taxation, inter-governmental transfers, other resource streams, user fees, savings and profits from service, etc.)?
- Where can additional or alternative resources be found?
- Do local authorities still have in house capacity, staff, equipment and skills to operate the service efficiently? If not, how can this be restored and how can unions help?
- Will private companies likely withhold strategic information, staff and equipment? If so, what can unions do to about it?

## BUILDING A SHARED VISION FOR THE REMUNICIPALISED PUBLIC SERVICE

- What form(s) of democratic governance, workers and user participation, transparency and accountability will be embedded in the remunicipalised service?
- How will the public service effectively and better address social issues (e.g. boosting the local economy, creating quality employment, responsible public procurement, gender responsiveness, occupational health and safety measures)?
- How will the public service effectively and better address environmental issues?
- How will the public service effectively ensure worker participation and pilot progressive, innovative human resources practices?

## DEALING WITH PRIVATE COMPANIES' REACTION

- What are likely responses that can be expected from the private companies?
- Will they seek compensation and how much (estimate)? What are the options to avoid or reduce such costs?
- Will the cost of compensation be lower than the overall cost of keeping the service private?

## PREPARING A FAIR WORKERS' TRANSITION

- What legislation (international, national, local) is there to protect workers and trade union representation in the transition?
- Are workers covered by one (or multiple) collective agreements?
- Are there union representatives at the workplace(s) of the service that will be remunicipalised?

- Are the representative union federations and local representatives in agreement over the remunicipalisation? If not, can their diverging views be reconciled?
- Will the union(s) likely lose or win more members in the mid and long-term from the remunicipalisation? How can membership loss be avoided, minimized?
- What are main concerns of affected workers (pay, job title, seniority entitlements, pension, re-hiring process etc.) and how can they be duly addressed (e.g. information session with workers)?
- Is there social dialogue and collective bargaining with the local authorities that would be responsible for the remunicipalised service? Are collective bargaining structures in place? If not, how can negotiations be opened over a fair transition for workers?
- How will the union(s) plan to identify union negotiators and give them a common mandate to negotiate the transition with the future public service employer(s)?

## LOCKING REMUNICIPALISATION IN

- How can remunicipalisation be locked in?
- How can the trade union(s) and the civil society groups establish a monitoring process that guards future re-privatisation attempts?



**PUBLIC SERVICES  
INTERNATIONAL**

*The global union federation of workers in public services*

45 AVENUE VOLTAIRE, BP 9  
01211 FERNEY-VOLTAIRE CEDEX  
FRANCE

TEL: +33 4 50 40 64 64  
E-MAIL: [PSI@WORLD-PSI.ORG](mailto:PSI@WORLD-PSI.ORG)  
WWW. [PUBLICSERVICES.INTERNATIONAL](http://PUBLICSERVICES.INTERNATIONAL)

Public Services International is a Global Union Federation of more than 700 trade unions representing 30 million workers in 154 countries. We bring their voices to the UN, ILO, WHO and other regional and global organisations. We defend trade union and workers' rights and fight for universal access to quality public services.