

Arguments against PPP in the water sector

and why the percentage of the private companies doesn't matter

1. When private companies buy shares in public services like water, it is only because of the large profits.
2. What they call "increased efficiency" in reality means:
 - A smaller workforce (employees are made redundant)
 - Less investment in infrastructure
 - Higher prices for customers
3. To guarantee this, the contracts:
 - Are always long-term, often for 30 years
 - Guarantee a profit for the entire contract term (the price the Berlin government paid for the Veolia and RWE shares was based on their guaranteed profit until 2028)
 - Are secret because they are negotiated under commercial law
 - All management is in the hands of the private company (this may be covered by separate agreements to the contract)

All this happens whenever a private company acquires shares in a public company – regardless of the percentage shareholding they are buying. Because for this to be possible at all, the entire structure of the water company has to be changed. This is what we used to call "changing to neoliberal conditions":

1. Now the water company's only aim is to make as much money from water as possible. It is no longer about supplying citizens with good and affordable water.
2. As a result, there is no longer room for transparency, citizen's participation, ecological and sustainable practices and other non-monetary conditions.
3. Experienced employees are made redundant, creating an increasing deficit of knowledge within the company. This, in turn, opens the door to outsourcing, very often to companies that are owned by the company that holds the shares (for example Veolia Environment).
Veolia and Suez, who are mainly interested in buying water shares, have many subsidiary companies for such outsourcing. So their profit isn't limited to the revenue from the water company, but also includes profits from these subsidiary companies. This has a knock-on effect on smaller local businesses and provokes even more unemployment in the area.

So, even if a once-privatized company is eventually remunicipalized, the water company will never be the same as before. The whole structure will have changed; even if the community is once more the sole owner, it will still depend on services from the subsidiary companies and will be forced to buy the knowledge that was stolen from it. The situation of Berlin (and others) shows that, once this neoliberal structure has been established in a water company, the public hand maintains this profit-driven logic after remunicipalization.

Summary: As in all PPP models, the state or community leaves the management to the private sector; arguing that the public hand still owns 51% or more is nothing more than a con to make people believe that it is still under public control. I believe that the difference between the percentage shareholdings in Athens and Thessaloniki is a trick to divide your resistance against this privatization.

My modest advice:

Try to get access to the contract before it is finally negotiated. But remember that it is not only the contract itself that is important as the most important things are often decided in even more secret agreements.

In your arguments, stress the secrecy of the way they are trying to sell your public company as it may help to mobilize opinion against the privatization.

Try to publish that the relatively low percentage shareholding to be sold is nothing more than a con.

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This text is based on the experience gained in our struggle against PPP in Berlin and the subsequent remunicipalization of the Berlin Water Company.