

## 2004 EPSU Public Private Partnerships (PPPs) Survey

*Responses to the survey were unfortunately lacking from major countries with significant PPP programmes and/or plans – in particular, the UK, Germany and Italy. This should be borne in mind in the subsequent discussion of responses received.*

A general reported pattern was that PPPs are in most respondent countries being piloted largely by local authorities, although these may have the implicit or explicit support of central government. Austria is a partial exception to this, with the federal government reported as the driving force behind most PPPs there. PPPs feature more heavily in the Czech Republic, Estonia, Spain and Denmark, while the Nordic countries of Finland, Norway and Sweden have only a few examples. In France and the Czech Republic the central government has recently adopted policies supporting PPPs.

### **Respondents:**

CFDT (France)  
CGT (France)  
DKK (Denmark)  
Fagforbundet (Norway)  
FSP-UGT (Spain)  
GdG (Austria)  
Kommunal (Sweden)  
KTV (Finland)  
OSZ (Czech Republic)  
ROTAL (Estonia)  
Tehy (Finland)

The most common examples of PPP, particularly in countries where there is relatively little privatization, are in construction/maintenance of public buildings or transport systems (roads/rail). Transport features most heavily, and is mentioned for the Czech Republic, Finland, Sweden, Norway, and Denmark, and an example is under discussion in Estonia. Water and waste PPPs feature in the Czech Republic, Estonia, and Spain, whilst social services PPPs are found in Finland and Spain. Specific examples of education PPPs (though not widespread use) are found in Finland, Estonia and the Czech Republic. Denmark's PPPs are concentrated in contracting-out of specific services such as road and park maintenance, hospital services, and catering.

Reported experiences with PPPs vary, with Finland and Spain in particular finding PPPs a problem:

- KTV (Finland) reports that in the case of the school PPP in Espoo, the municipal collective agreement was shelved and employees received shorter annual holidays and lower pay. Moreover, the price charged to the town for the library was so high that the town could not afford to buy enough new books, compared to the town's other libraries.
- Tehy (Finland) reports that collective agreements in the private health and social care sector (it has three – one in health, two in social care) are roughly the same as for municipal control. However, short fixed-term employment contracts are often involved because of the risk that municipalities may switch providers. This can lead to workers becoming unemployed and losing skills, leading to a deterioration of the service.
- FSP-UGT (Spain) says it has some influence on contract conditions. It says that despite this, PPPs endanger employment (there have been dismissals), and often result in reduced quality and increased cost – though where users do not pay fees this may not be obvious to the public.

On the other hand, the experience in France is mixed, and in Denmark it is even positive:

- CFDT (France) says that PPPs lead to strong increases in local taxes, and a reduction in the budget for other sectors. It also observes a pattern in which white collar workers are often better paid in the private sector (for an equivalent job), while blue collar workers are paid less and enjoy less rewarding career prospects. In some sectors (such as care for children and the elderly), job insecurity is high.
- DKK (Denmark) notes that experience with service and catering PPPs is positive compared to traditional outsourcing, with contract guarantees and more co-decision;

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but that the risk remains of state shares being sold, producing an environment much like outsourcing. DKK has also drafted an agreement on contract conditions in PPPs.

The unions' PPP-related resources vary somewhat:

- DKK collects guidelines and experiences in PPPs and new organizational structures generally, on a website, [www.medarbejderportalen.dk](http://www.medarbejderportalen.dk). This is a joint project for all organizations in the municipal sector. Guidelines and recommendations are planned from an evaluation of the experiences gathered.
- Tehy has an information package for local branches, on the provision of social and healthcare services by the private sector.
- OSZ has translations for internal use of several documents (including the European Commission's Guidelines for successful PPPs).
- KTV was involved in a project which clarified the use of concessions in technical management in the municipal sector.
- Fagforbundet has had a database (though not regularly updated).
- FSP-UGT has done some work on PPPs (though not systematic or reliable).

Only Tehy and FSP-UGT mention campaigns on PPPs – in the case of Tehy, a general campaign for good quality public services. In the case of FSP-UGT, there has been a general opposition to PPPs, including publication of leaflets and posters and the raising of awareness amongst workers. Elimination of PPPs has also been an issue in union elections.

In additional comments, OSZ (Czech Republic) noted central government plans for a legal and institutional framework for PPPs, including a dedicated centre at the Ministry of Finance, and expressed fears that this "hidden privatization" would endanger accessibility and prices, lead to heavy long-term debt and higher risks for the public sector, and that public administration bodies would not be in a position to effectively negotiate or manage PPP projects. Both CGT and CFDT (France) said that the situation in France was different from that in other countries, with the French government only recently introducing laws, regulations and pilot projects to introduce the type of PPPs seen elsewhere (such as in the UK).

**Survey answers**

Question	Answers
1. Please state the main features of PPPs: have they been introduced as a general policy of central government, or on an ad hoc basis by local authorities?	<p><b>Kommunal (Sweden)</b> PPP are not a common way to work in Sweden, but a few infrastructural projects have been set up in this way. The Globe Arena in Stockholm, Arlanda railway Stockholm and Öresunds bridge. Maybe there is some more information to find in the answer from SEKO.</p> <p><b>OSZ (Czech Republic)</b> The Czech Government adopted general policy on PPP in the Czech Republic in January 2004. An inter-sectoral team has been established, comprising workers from individual sectors and the National Property Fund (FNM). In spite of the fact that the legal environment in the Czech Republic has not been prepared for PPP implementation, some PPP projects have already been introduced, e.g. by municipalities of Prague, Pardubice, Olomouc. Nevertheless, it is still too early to evaluate the results as nobody can make a qualified assessment of the preceding analyses (the proficiency of analyses and comparisons made on advantages of individual forms of funding of the projects and whether they will be cheaper in the end or excessively burdening for the local budgets). It would be a fiscal hazard to implement PPP projects on regional or community level without any regulations by the Ministry of Finance. Legislation adjustment is necessary for the State to be able to intervene in local administration affairs.</p> <p><b>KTV (Finland)</b> They have been an ad hoc basis by local authorities</p> <p><b>Tehy (Finland)</b> According to the law the municipalities are obliged to offer health and social care services to their residents. Municipalities themselves can provide these services or they can be provided by private companies.</p> <p><b>Fagforbundet (Norway)</b> In Norway not as a general policy – but we have had cases, eg the new police headquarters in Trondheim, where the Dept of Justice, KLP (as investors) and Skanska formed a PPP. [KLP is the pension insurance company owned by the Norwegian municipalities.]</p> <p><b>ROTAL (Estonia)</b> PPP hasn't been directly the politics of the central government. Central government has dealt only with privatization of the public property, which also concern public service – for example selling the railway. The other public services, either by itself or co-operation with private sector, has been the result of local authorities. Water supply and sanitation companies, boilerhouses, schools, kindergartens, carehouses, garbage companies, libraries, culturehouses, local museums of local importance municipalised 1990-1992. Some of them – mainly the companies of water supply and heating – privatized by local authorities (delegated to the private sector). The decision maker was the local authority. It must also be mentioned that we didn't have our PPP definition and interpretation which should be covered by law.</p> <p><b>CGT (France)</b> Ministry of Finance has a PPP website (<a href="http://www.ppp.minefi.gouv.fr">http://www.ppp.minefi.gouv.fr</a>) to explain this new concept and the new (2003) laws and regulations covering PPPs.</p> <p><b>FSP-UGT (Spain)</b> Central government has initiated PPPs, and local governments have generally continued this tendency, though without clear objectives.</p> <p><b>CFDT (France)</b> Strictly speaking, at the level of the individual initiative, these come primarily and almost exclusively from local authorities, municipalities, intercommunal structures, departments and regions. But central government, through laws and levels of financing, has a significant influence on these choices. The same applies to certain national financial organizations, eg CNAF (family policy).</p> <p><b>DKK (Denmark)</b></p>

	<p>As local initiatives until now, though in some cases with central government support, as experimental projects.</p> <p><b>Gewerkschaft der Gemeindebediensteten (Austria)</b> Most Austrian PPPs have been driven by federal government policy. More and more federal responsibilities are being delegated to municipalities, with high costs stressing municipal finances. Under this financial pressure, many municipalities have no alternative to PPPs. However, in conservative-dominated municipalities PPPs are also driven by an ideological desire to weaken public services and trade unions.</p>
<p>2. Which services have involved PPPs. Eg education, waste management, IT services?</p>	<p><b>OSZ (Czech Republic)</b> Some projects (implemented or prepared) that we are aware of: waste management, water supply projects, transportation systems (construction and maintenance of roads and railways), information technology, public lighting in Prague, education (the project "Internet into schools").</p> <p><b>KTV (Finland)</b> construction of highway, (state of Finland) construction of school and library and their operation of service ( town of Espoo)</p> <p><b>Tehy (Finland)</b> For example health and social care services.</p> <p><b>ROTAL (Estonia)</b> Currently PPP is applying in general in the local authorities for the following services:</p> <ul style="list-style-type: none"> <li>• water supply and sanitation</li> <li>• waste management</li> <li>• heating</li> </ul> <p>In some local authorities PPP is in use also for preschool children institutions (town of Rakvere). Private capital was also involved in Viimsi school building and in the building of the Rakvere Stadium. Tallinn has considered involvement of the private sector in road building (circle of Haabersti).</p> <p><b>Fagforbundet (Norway)</b> We have a few examples of roads (bridges/tunnels) and a police headquarters, but not on a large scale.</p> <p><b>FSP-UGT (Spain)</b> waste management; funeral services; parking meters; collection services; social services (eg home help); management of cultural, leisure and sporting activities.</p> <p><b>CFDT (France)</b> The process of decentralization, of delegation of state powers to territorial entities, which we are in favour of, is not necessarily (or even generally) accompanied by an equivalent financial transfer of assets or income. This reality encourages many local decision-makers to privatize and/or reduce services to users.</p> <p><b>DKK (Denmark)</b> Road maintenance; hospital services (cleaning, kitchen, ambulance officer); maintenance of green areas; catering tasks; laundry company (joint ventures)</p> <p><b>Gewerkschaft der Gemeindebediensteten (Austria)</b> Cross-border-leasing has been applied to Vienna's and Innsbruck's sewerage systems. Vienna's public transport (underground, trams, buses) is using PPPs. The town of Villach has part-privatized its waste management. And the towns of Graz and Kapfenberg have part-privatized their Stadtwerke (municipal works).</p>
<p>3. Briefly describe the main forms they have taken (eg Private Finance Initiative (PFIs), cross-border leasing)?</p>	<p><b>OSZ (Czech Republic)</b> No examples from the health sector so far</p> <p><b>KTV (Finland)</b> Private company built school-building, it owns building and operates a facility. Construction of highway, Build-Lease-Transfer- forms</p> <p><b>Tehy (Finland)</b> Outsourcing: e.g. certain part of primary health care, day-care or old people's home. The companies often are owned by private operators in some cases</p>

	<p>municipalities or partly municipalities and private companies. Further some municipalities use temporary workers.</p> <p><b>ROTAL (Estonia)</b> Mainly 2 forms are in use:</p> <ul style="list-style-type: none"> <li>• operating (water and heat industry)</li> <li>• in possession(ownership) (water and heat industry)</li> </ul> <p><b>Fagforbundet (Norway)</b> No Norwegian municipality has so far been involved in cross-border leasing contracts, though liberal politicians have been eager to try it out. Private companies have been formed (with public ownership) to finance roads and tunnels.</p> <p><b>FSP-UGT (Spain)</b></p> <ul style="list-style-type: none"> <li>• Private finance initiative (10 years)</li> <li>• concession to private companies</li> <li>• works or services concession (50 years)</li> </ul> <p>All forms are used, except leasing.</p> <p><b>CFDT (France)</b> This logic has had very different effects. For example, in general, the communities have done important modernization work (structural system, intranet etc). As another example, the regions will henceforth be responsible for regional colleges and regional transport. Without a doubt, and this is supported by official figures, these sectors have been developing rapidly and have brought greater (or better quality) services to users, due to the strong pressure from citizens.</p> <p><b>DKK (Denmark)</b> In the technical field we have partnership agreements with long-term “tendering”/outsourcing contracts with some private financing of fixed asset income. So far, however, emphasis has been on maintaining the existing road network. In the service sector there is talk of outsourcing with elements of change. In the catering and laundering sectors we see examples of joint ventures. Finally, we also see joint ventures in the road sector.</p>
<p>4. What effects have PPPs had on jobs, pay and working conditions? What effects have they had on services, eg quality of services, prices? Please provide one or two specific examples if possible.</p>	<p><b>OSZ (Czech Republic)</b> The health sector does not have any examples to be able to assess the impact of PPPs on jobs etc.</p> <p><b>KTV (Finland)</b> in case of school private collective agreements, shelved municipal collective agreements and for this reason employees got for example shorter annual vacation and lower pay in case of library, the price that the town has to pay to the company is so high that town can't afford to buy enough new books etc. compared to the town's other libraries, so quality of service has on the whole declined because of PPP</p> <p><b>Tehy (Finland)</b> In the private health and social care sector we have collective agreements which approximately include the same terms and conditions as in municipalities. But our members can lose their jobs e.g. when a municipality first buy services from a private company and from another company after one year. That often means even short fixed term employment contracts. In these cases you easily stay outside of the work community and you do not get any training and it can decrease quality of services, and if you are a temporary worker the situation is actually worse because of short contracts.</p> <p><b>ROTAL (Estonia)</b> It is very difficult to answer to this question because that kind of comparison isn't done.</p>

	<p><b>Fagforbundet (Norway)</b> So far none</p> <p><b>FSP-UGT (Spain)</b> PPPs endanger employment. There have been dismissals. Resources are needed to mitigate labour risks. Criteria of equality, merit, capacity, publicity are not used for new hirings...</p> <p>Quality usually declines, and cost increases, although the user does not experience this directly as fees are not directly paid by the user.</p> <p><b>CFDT (France)</b> Depending on different political choices, this leads to:</p> <ul style="list-style-type: none"> <li>• Strong increase in local taxes, which are the most inequitable and can only guarantee a feeble redistribution of wealth.</li> <li>• Reduction in the budget for other sectors and therefore the nature of their public service</li> <li>• Contracting-out of certain activities in one way or another, using as an argument concerns about the sustainability of finances.</li> <li>• Of course, in most cases, it is a mixture of the three solutions.</li> </ul> <p><b>DKK (Denmark)</b> We are not yet familiar with the results in the road sector. Most of the contracts are less than a year old. The experiences in the service and catering sectors are mainly positive when compared with traditional outsourcing; Guarantees for extension of the contracts and improved conditions for co-decision. Nevertheless, experiences indicate there is a risk that state-owned shares may be sold, which in turn would make the conditions increasingly resemble those in traditional outsourcing.</p> <p><b>Gewerkschaft der Gemeindebediensteten (Austria)</b> This question cannot be answered comprehensively, as developments are very varied. The Municipal Workers' Union (Gewerkschaft der Gemeindebediensteten, GdG), aims to maintain high standards of working conditions, wages and employment in these areas. In the past it has been possible to maintain working relationships with municipalities even through changes in the legal form of organisations, and thereby to safeguard the quality of working conditions and wages. However, for new employees, collective agreements had to be created which did not always maintain the standards of agreements for existing personnel. In addition, in some areas a reduction in the number of employees was observed.</p>
<p>5. Have you concluded any guidelines or agreements concerning PPPs? Please mention: a) Reports b) Guidelines or agreements with private companies c) Other agreements</p>	<p><b>OSZ (Czech Republic)</b> Translations for internal use: - Guidelines for successful public-private partnerships - European Commission - Public-private partnership: a feasibility study for the Czech Republic</p> <p>a) no reports (either processed or commissioned) b) none c) none</p> <p><b>KTV (Finland)</b> a) no issues b) no issues c) no issues</p> <p><b>Tehy (Finland)</b> a) We have an information package for Tehy's local branches: How social and health care services are provided in the private sector. b) We have one collective agreement in the health care sector and two agreements in the social care sector.</p>

	<p><b>Fagforbundet (Norway)</b>  a) Yes we have had quite a high profile on this  b) no  c) no</p> <p><b>FSP-UGT (Spain)</b>  a) The union can influence specifications of contract conditions and technical conditions.</p> <p><b>DKK (Denmark)</b>  a) General collection of guidelines and experiences via the DKK.  b) An agreement on contract conditions in public private partnerships has been drafted.</p> <p><b>CFDT (France)</b>  Major types:  <ul style="list-style-type: none"> <li>• juridically determined choice of concession, affermage (lease/operating contract), délégation de services publics for: water and sanitation, camping, golf, ports.</li> <li>• sociétés d'économie mixte (PPP joint ventures) in new sectors</li> <li>• mutual associations: childcare, social structures, old-age care</li> <li>• legislatively determined choice: structure of urban planning</li> <li>• choice of permanent resistance to modernisation of civil service regulation: cultural domain</li> </ul> </p> <p><b>Gewerkschaft der Gemeindebediensteten (Austria)</b>  a) no  b) no  c) no</p>
<p>6. Have you carried out any research on PPPs? Please mention and give references for:  a) reports  b) surveys  c) database etc</p>	<p><b>OSZ (Czech Republic)</b>  a) none  b) none  c) none</p> <p><b>Fagforbundet (Norway)</b>  a) no  b) no  c) yes, but not updated</p> <p><b>KTV (Finland)</b>  a) KTV was involved in project which clarified use of concession in technical management (municipal sector)</p> <p><b>FSP-UGT (Spain)</b>  Nothing systematic or reliable, and with sufficient scientific rigour.</p> <p><b>DKK (Denmark)</b>  c) Continuous compilation of experiences to be posted on a website dealing with the working conditions in new organisational structures. This is a joint project for all organisations in the municipal sector: <a href="http://www.medarbejderportalen.dk">www.medarbejderportalen.dk</a>. Upcoming topics on this website will look into experiences and evaluations while presenting more tangible guidelines and recommendations.</p> <p><b>CFDT (France)</b>  Impact on labour terms and conditions and pay. Basically, this depends either on the type of job and the average qualification required, or on contractual bargaining power within the enterprise concerned. Situations vary to a great extent. Nonetheless, it is possible to observe the following patterns: while white collar workers are largely better paid in the private than the public sector (for the same job and responsibility), blue collar workers are generally paid less and, especially enjoy less rewarding career prospects. Another prevailing pattern, in the publicly-financed non-profit sector, often responsible for the care of children and the elderly, the incidence of poor job security is extremely high.</p>

	<p><b>Gewerkschaft der Gemeindebediensteten (Austria)</b>  a) A report by ÖGPP providing an overview of privatization and liberalization in the 15 member states of the EU:</p> <p>Österreichische Gesellschaft für Politikberatung und Politikentwicklung ÖGPP, "Privatisierung und Liberalisierung öffentlicher Dienstleistungen in der EU: Ein Überblick über den Stand der Privatisierung und Liberalisierung von öffentlichen Dienstleistungen in den 15 Mitgliedstaaten der EU", 2003</p>
<p>7. Have you organised any public campaigns over PPPs? If so, please state;</p>	<p><b>OSZ(Czech Republic)</b>  a) none  b) none  c) none  d) none</p> <p><b>KTV (Finland)</b>  a) no issues</p> <p><b>Tehy (Finland)</b>  We are campaigning all the time for good-quality public services.</p> <p><b>Fagforbundet (Norway)</b>  a) no</p> <p><b>FSP-UGT (Spain)</b>  Elimination of PPPs has been an issue in union elections.  a) in general  b) with no-one  c) publication of leaflets and posters including these points  d) raising awareness among workers</p> <p><b>DKK (Denmark)</b>  a) no</p> <p><b>CFDT (France)</b>  Trade union successes to be noted:  Agreements on, respectively, 35 and 32 hour working weeks. It should be noted that for small structures the source of successful bargaining is to be found in the financial cooperation of the trade union section covering a larger territorial area (e.g. trade unions in Ivry get financial support from trade unions in the Greater Paris area).</p> <p><b>Gewerkschaft der Gemeindebediensteten (Austria)</b>  a) campaign on quality of and access to public services; stop-GATS campaign  b) ÖGB, Arbeiterkammer Österreich, Armutskonferenz, Greenpeace, Attac, ÖH (Österreichische Hochschülerschaft)  c) demonstrations, actions, public awareness events, seminars</p>
<p>Notes</p>	<p><b>OSZ (Czech Republic)</b></p> <ul style="list-style-type: none"> <li>- The Government has decided that the first step must be construction of a high-quality legal and institutional framework. By June 2004, the Ministry of Finance has to prepare a methodology for assessment and sanction of PPP projects and then to establish a Centre for implementation of PPP projects at the Ministry by the end of 2004. Individual ministries are to suggest suitable projects for implementation.</li> <li>- In our opinion, this is hidden privatisation of public services on non-economic nature, which cannot lead to significantly higher quality, on the contrary, there will be lower accessibility and also perhaps rise in prices of services (services quality, fees). If PPP projects and services are implemented in health services and the educational system, there is no doubt that they will endanger equal access to these services, some of which are guaranteed by the Constitution, for the citizens.</li> <li>- Public administration bodies do not employ sufficiently qualified experts who would be able to negotiate with the private sector professionals on an equally high professional level and there is no hope for obtaining such people in the</li> </ul>

	<p>nearest future.</p> <ul style="list-style-type: none"><li>- Although the Czech Republic can build on experience of neighbouring states, in fact the problem is rather grave; if PPP projects are not managed on a sufficiently professional level from the very beginning to the very end, they can end up with a heavy failure. Non-regulated partnership can mean further draw on public finance.</li><li>- The system of long-term contracts will bring about the problem of heavy debts for future public budgets including the state budget. It will also bring about the risk of increased number of arbitrations following insufficient protection of capital investments of both inland and foreign investors.</li><li>- PPP projects bring about the problem of uncollectibility of public financial means already invested if a participating private company goes bankrupt or ceases to exist. Further increased risks appear for the banking sector and the means from State Funds.</li><li>- Establishment of a new institutional background is foreseen, which means a rise in the numbers of civil servants.</li></ul> <p><b>CGT (France)</b> Il est très difficile pour nous de répondre au questionnaire PPP tel qu'il est formulé, car ce système de financement des services publics n'est pas encore parvenu dans les administrations locales de France. Cependant, le gouvernement a fait voter une loi et prépare une ordonnance dans les semaines qui viennent. Un dossier explicatif est disponible sur le site de notre ministère des Finances : <a href="http://www.minefi.gouv.fr/">http://www.minefi.gouv.fr/</a></p> <p><b>CFDT (France)</b> Remarque préliminaire : En France, notre conception, notre structuration même de ce partenariat diffère de celles d'autres pays. De fait, ce questionnaire ne semble pas suffisamment adapté à notre problématique de notre champ professionnel.</p>
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