



## **European Federation of Public Service Unions (EPSU)**

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### **European Commission turns blind eye to failing public-private partnerships, says new report**

(Brussels, 23 March 2010) A new report by the Public Service International Research Unit cautions the European Commission against enthusiastically endorsing public-private partnerships, contending that PPPs, as they are known, do not supplement public spending – they absorb it. The European Commission outlines high hopes for developing public-private partnerships in its EU 2020 strategy.

The study *Public rescue for more failed private finance institutions* has been released on the eve of European Parliament discussions on the future of public procurement. The European Federation of Public Service Unions (EPSU) urges that the debate over how governments purchase the goods and services that citizens need should include sober consideration of the value of public-private partnerships.

EPSU deputy general secretary **Jan Willem Goudriaan** says, “**There appears to be nothing neutral about the way the European Commission promotes PPPs. As this report outlines, it seems to be focused on doling out corporate welfare to the private sector at the expense of taxpayers. We ask members of the European Parliament to resist the lure of private business offering false subsidies and we ask the Commission to critically assess the real bottom-line value of PPPs.**”

“**Countries around the world can draw lessons from this report’s analysis,**” says **Peter Waldorff**, general secretary of the global union federation Public Services International. “**Public-private partnerships can be seen as another form of offloading debt – and the heavy price is paid by the next generation of citizens.**”

The report notes that the risks can be clearly seen in the UK experiences in the transport sector – road, rail, bridges and tunnels – which represents the great majority of European PPPs. The collapse of the London underground Metronet PPP cost the UK’s public finances up to £410 million. The continued operation of the remaining PPP, Tube Lines, has only been possible by forcing up the price of the service. On top of its PPP commitments in London, the UK Department of Transport is potentially liable for at least another £27 billion for other major PPP transport projects.

Similar contingent liabilities arising from PPPs hang over the transport budgets of governments throughout Europe. The Commission’s paper, however, fails to acknowledge the problem of contingent liabilities, or the scale of the economic and social costs incurred in failed PPPs.

The new PSIRU report findings include:

- the European Commission does not address the way that PPPs reduce the resources available for public services by absorbing a higher proportion of spending;

- The Commission communication is focused on the single overriding question of how PPPs can be used to subsidise private business and create more PPPs.

Report author **David Hall** says, “**The most obvious strategy for governments and the EU would be to take this opportunity of winding down PPPs, as a failed and dangerous model, and return to conventional public investment and operation of infrastructure and public services**”.

The report is commissioned from Public Service International Research Unit (PSIRU) – University of Greenwich by EPSU, the European Federation of Public Service Unions and can be downloaded for free at: [www.epsu.org/a/6347](http://www.epsu.org/a/6347) or at [www.psiru.org](http://www.psiru.org)

A previous report was published in October 2008: <http://www.epsu.org/IMG/pdf/PPPs-crit-finalLAYOUT-2.pdf>

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*EPSU is the European Federation of Public Service Unions. It is the largest federation of the ETUC and comprises 8 million public service workers from over 250 trade unions; EPSU organises workers in the energy, water and waste sectors, health and social services and local and national administration, in all European countries including in the EU's Eastern Neighborhood. EPSU is the recognized regional organization of Public Services International (PSI).*