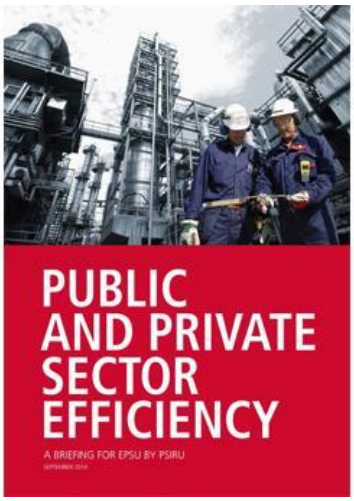
Report challenges assumptions on private sector efficiency



(16 December 2014) There is no empirical evidence that the private sector is intrinsically more efficient than the public sector. This is the main conclusion from a comprehensive review of hundreds of studies covering all forms of privatisation across many different sectors.

The report for EPSU by the Public Services Privatisation Research Unit (PSIRU) challenges the assumption that privatisation or Public-Private Partnerships (PPPs) can always deliver a given level of service with lower input costs than the public sector. The report examines evidence from nine sectors - buses, electricity, health, ports and airports, prisons, railways, telecom, waste management and water.

The results, which are remarkably consistent, undermine the case for privatisation and outsourcing. In the case of PPPs, in particular, the report points out that invariably private sector borrowing costs are higher than those in the public sector and so the private sector option needs to deliver even greater efficiency savings to cover those costs, deliver profits to shareholders and still guarantee service levels in terms of quantity and quality. The PSIRU research also examines the case from a different angle by looking at the improvements and efficiency gains made when services are brought back under public sector ownership and management.

The remunicipalisation of water in Paris and the termination of the massive London Underground PPP both led to cost savings and greater efficiency resulting a range of

different measures including improved coordination, less sub-contracting, cutting profits to shareholders and more accountability.

Read our new report from September 2019 "Public and Private Sector efficiency"

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