



Privatization results in...

Quality Problems - Inspection reports detailing serious quality problems, environmental disasters and serious accidents have occurred in several projects. In the worst cases, accidents have been fatal.

Legal Disputes - These are not uncommon and have proven costly for the public, compromising enforcement of contract provisions and risk transfer.

Failed Contracts, Bankruptcies - In several cases, governments and authorities have been forced to buy out contracts due to total failure or bankruptcy.

Service Cuts - The high costs of Public Private Partnerships (P3s) have caused service cuts and a shrinking scope of services publicly covered. In several projects, the business cases for P3s have rested on unrealistic assumptions of productivity and exaggerated claims of value for money that have proven false. In several cases, the redirection of public funds into P3s has pushed further privatization and reduced access to services.

Cost Overruns - These often occur during the negotiation phase of the contract. Even after the contract is negotiated, increased transaction costs, legal and consultant costs, and costs incurred by environmental disasters, bankruptcies and other serious incidents are frequent.

Delays - These often occur during the negotiation phase of the contract. Even after the contract is negotiated serious delays occur in projects.

Design and Construction Flaws - Designs are created to meet the needs of the consortium, not necessarily the needs of the community. Poor design has plagued British P3 hospitals, including small and cramped spaces for public services in order to maximize potential for commercial development on the site, relocation of institutions to cheap land in order to maximize development potential in city centres, and inappropriate location of services within institutions. Poor construction causing mishaps and disasters has also been a factor in several projects.