



## Poverty proofing Public Private Partnerships in public service and infrastructure delivery in Ireland

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Theoretical framework  
PPPs  
Aims, Methodology  
Research results  
Policy implications

## Research context

- **Theory:** Neoliberal 'corporate welfare' state replaces Keynesian welfare state (1980s-present) (Callinicos 2003, Harvey 2005, Allen 2007).
- **State role changes from direct provider of public services to promoter of private sector & the market through privatisation, liberalisation, marketisation and PPPs**
- **Citizens no longer have 'social rights' but are now consumers 'empowered with market choices'**
- **Impact on lower-income populations of neoliberal policy in public services**
- **Is Ireland a neoliberal state? How accurate is 'competition state' (Kirby 2002)**
- **Requirement of public service reform. Failure of public services to meet needs.**

## PPPs in Ireland

- **2001 Schools, Roads, Waste water treatment**
- **Legislation: The State Authorities (Public Private Partnership Arrangements) Act 2002 defines PPP:**

PPP where private sector is "conferred with the functions of the State authority specified in the PPP": including (amongst other arrangements),

"the design and construction of an asset, together with the operation of services relating to it and the provision of finance, if required, for such design, construction and operation..

Or provides a service, or transfers state asset to a private partner"

## PhD Aims & objectives

- To determine why and how the Irish state chose PPPs as a model of procurement.
- Examine if PPPs provide, as the Government of Ireland states they should: better value for money, better quality services and faster delivery
- Investigate the views of the different stakeholders of the PPP process
- Determine implications of PPPs on the:
  - (i) role of the state and public policy; Examine if PPPs further neoliberalism in the Irish state by marketising public services
  - (ii) inequality and poverty e.g. introduction of user charges, reducing worker's conditions, reducing the quality, accessibility and availability of public services and infrastructure



## Methodology

### Primary (Case study PPP projects)

- Provision and maintenance of 5 secondary schools, regeneration of 10 DCC Social Housing Estates, DCC-Oxigen Waste collection, waste water treatment, LUAS

### Data collection from stakeholders:

- Public sector, Private Sector, Workers/Trade Union, Community Sector
- **Participant Observation:**
  - Tenant's First meetings & community protests
  - Regeneration worker in Dolphin House July 07 to present.
- Annual Irish PPP Policy Forums (2006, 2007, 2008)

## Research Outcomes for schools, waste-water, waste, LUAS PPPs:

- Why PPPs: address infrastructure deficit without short-term impact on government balance sheet: through private sector finance and reform (and develop new) public service and infra delivery through private sector expertise, efficiency and 'commercial ethos'

No real evidence of greater Value for Money of PPPs over traditional

- **Poverty and Equity Outcomes:**
  - Poorer conditions in private sector employed workers
  - Provision of services according to potential profitability not need : Less community use of PPP schools, roads not rail
  - Increased user fees: higher LUAS fares vs public Bus, tolls

**Local authority (DCC) estate regeneration projects**

**Why PPP?**

- Estates (16,000 flats) need regeneration: poor infrastructure (sewerage in baths/sinks), size, design, poverty
- Traditional (Government) funding not speedy or sufficient enough.
- Address poverty through 'social mix' of housing tenure: 20%
- Transfer of risk and responsibility for the delivery of the Project to the Private sector

But most importantly..

- Achieve regeneration at 'Zero' financial cost to the Government:

PPPs can: "capitalise in a cost effective and socially progressive manner on the escalation in the value of urban lands in public ownership..."

..The housing projects at Fatima Mansions, O'Deveney Gardens, Infirmary Road and St. Michael's are particularly attractive because these projects are financially neutral for the Exchequer, as the private sector is providing public housing in return for development rights on the remainder of the sites." DoEH&LG 2007

**Case Study 1: Fatima:**

- Demolition of old estate and new houses, apartments, community centre, leisure facility, shops but density and green space issue
- Social regeneration plan- 6 million. Local employment, training, family support, health and education: initiatives vital for regeneration to succeed
- Improving the quality of life for both the residents of Fatima and the wider Rialto area
- Improved problems associated with drug-dealing and anti-social behaviour (still a reduced problem). Tru reduction (transfer) in the some families, hopeful atmosphere from redevelopment, increased employment opportunities and the support given to a number of particularly disadvantaged families (social regen fund)
- How? Strong action, vision and participation by the community group, Fatima Groups United – regen board, social plan, community infra in place prior to regeneration
- Property market boom
- Improving Social mix? investors who have bought the units are renting them out to more transient tenants (students) and residents in receipt of the Social Welfare Allowance (similar demographic) as in Ballymun

**Fatima:**



**St Michael's Estate/O Deveney/Dominick St.**



**May 08: Property Market Collapse**

McNamara writes to DCC "The adversely changed circumstances of the current private housing market to that of 2005/6 when the bids were sub-mitted, along with significant additional costs of increased apartment sizes and new energy regulations have rendered the whole concept of using the sale of private housing units to fund Social and Affordable housing and Community Services, along with a balancing site purchase figure, unsustainable in the current market, despite the best efforts of everyone involved"

The refusal of the government to invest any money in these projects resulted in the private developer consortia's potential gain (profit requirement) being the central factor that determined the overall outcome of the regeneration projects...Greed determining need?



**Results of DCC's PPP regeneration policy experiment after a mere six years:**

- de-generation and dislocation
- 1 completed, 8 collapsed and communities destroyed
- Net loss of 856 (912) public units (48% of original). Only 52% of original public housing returned
- Profit not equity determined 'Social mix'
- Private vs public on new estate: 71% private vs 29% public

	Fatima 1949	St ME 1970s	O Dev 1950s	St TG 1952	Dominick 1961/70	Croke Villas 1961	O St 195 s	Briggett 1964	Chmbr St	Total
<b>Original</b>	394 (270 1986)	346	278	346	198	87	181	143	60	<b>2033</b>
<b>New public</b>	150 (110 duplex, 40 sps)	165 (30 stand alone housing)	281	150	120 (30 duplex)	38	155	56 duplex	62	<b>1177 (972)</b>
<b>Private</b>	395	480	292	300	193	110	140	30		<b>2580</b>
<b>De-tenante d</b>		Only 7 units occupied	150	46	88	49	34	All	All	(only 933 occupied)

Those planning regeneration (e.g. collapsed projects along with Dolphin House and others such as Limerick) left unsure of their future. Told they must wait for an 'upturn' in the market when PPP becomes viable again (DCC, 2009).

DCC will provide some social and affordable housing units on St. Michael's Estate, O'Devaney Gardens and Dominick Street DCC through DOE funding. Overall plans still a PPP-type structure based on sale of part of the estates when the upturn in the market occurs (DCC 2008, 2009). Further reduction in the number of social units and very minimal allocation for social regeneration

#### Lessons:

Change in market conditions demonstrated that to rely on the private sector and market to guarantee the provision of finance for public infrastructure and services was a short-sighted policy, a naive gamble, that ignored the reality that markets are inherently cyclical and unstable and the primary goal of the private sector is providing profitable returns to shareholders and investors not guaranteeing social equity outcomes

#### Overall Lessons:

**PPP process (& poor DCC Estate Management and other poverty issues) = Estate decline.** For all estates except Fatima Mansions the quality of life in the communities are much, much worse than before the PPP regeneration process commenced.

- Communities contain significant strength, resources and capacity.** Despite their vulnerability, poverty and neglect by the state, government and establishment parties these communities have managed to sustain families (Role of family networks in existing estates e.g. teenage parents have support) provide significant support for each other and even publicly campaign for regeneration. Residents of estates across the city, supported by community development projects e.g. Tenants First, the residents of St. Michael's Estate ([www.stmichaelsestate.ie](http://www.stmichaelsestate.ie)) documented by local activist, John Bissett, in his recently published book.
- Urgent need for radical programmes of state-led regeneration based on building communities not just housing**
- Nation-wide programme of social and physical regeneration of local authority estates - provide secure high-quality accommodation for the 50,000 people on local authority housing waiting lists, 60,000 depending on rent supplements and 5000 homeless (Tenants First, 2009). 20% on social and community infra & services: local employment, community and social workers, drug awareness and support programmes, education and training, community health schemes, youth programmes, community capacity building etc.
- Would provide a general economic stimulus

- If this does not take place, communities will deteriorate further (rise of crime, drug abuse, school drop out etc). Dealing with the outcomes of these problems will cost the state and society much more in five or ten years time.
- Money is there: can provide billions for the banks so why not for these communities? Society values: communities can be allowed to fail with all the human impacts but banks can't
- Use €391 million annually to private landlords in rent supplement and many more millions in stamp duty loopholes and tax incentives to finance it

#### Policy Challenges

- Current problems are a violation of international human rights: Dolphin House: drug dealing, sewerage, maintenance, low education rates, basic poverty, few play areas: Communities are at a 'Tipping point'
- DCC not responding ; Three weeks to replace a burned out swing -attraction of private sector -why - is there an alternative way of estate management?
- Political, cultural and society consensus perspectives (market orientation: state is 'bad', inequality is ok)
- How to get public service reform from a social equality and justice perspective
- How to get resources required to take concrete steps toward regeneration
- How to engage both community and state to change the cultures so that dependency, alienation, intergenerational poverty is reduced
- How to get public housing as housing of first choice

#### Developing Alternatives to change policy:

Implementing Human Rights Based Approach in Dolphin/Rialto  
 Dolphin House Regeneration Planning  
 Tenants First  
 Respond and other NGOs, voluntary housing groups  
 Further research in this area

- Overall public services/infrastructure implications of PPPs:**
  - State reducing its responsibility to provide public services; handing it over to private sector.
- The Irish PPP experiment was and remains part of the neoliberal paradigm. Its results in the area of PPPs demonstrate that it had little practical foundation and was based on an ideological pursuit by government and governing classes with the aim to roll back, replace (or avoid developing) the Keynesian welfare state and labour protections. The full extent of the long term impacts on the Irish welfare state of these policies more generally are just beginning to be experienced and understood.

**To finish : ) YEY! AT LAST HE SHUT UP**  
**Some positive public service examples:**

