

Water for Sale

Workers examine the effects of privatisation in South Africa



Introduction by UNISON's General Secretary, Dave Prentis

Here in the UK we know only too well how the privatisation of essential public services has led to a deterioration of standards and attacks on worker's pay and conditions of service. UNISON has been at the forefront in campaigning for good quality public services as our Positively Public Services campaign has shown.

However it is clear that the battle for public services extends beyond these shores. The pressures to privatise essential services like water and sanitation remain considerable and show no signs of abating. International agencies like the World Bank and the World Trade Organisation are determined to open up the public services of all countries to privatisation. UNISON is working with Public Services International (the international federation of public service unions) and other partners like War on Want to promote public water services as we believe that the private sector has little to offer those in greatest need, especially those in the developing world.

UNISON is proud of our close relationship with War on Want and I am delighted to be associated with this joint report on the fact-finding mission to South Africa. I urge you to read it and if possible to watch the accompanying video. I think you will agree with me that UNISON and War on Want have contributed significantly to the continuing efforts being made in support of public water services both in South Africa and throughout the world.



Water for Sale

Did you know that the water that comes out of your tap may well be provided by the same company that provides water in South Africa? Or that the water company you are employed by in the UK, may well be the same company that employs workers in Johannesburg? The truth is that a mere 4 enormous corporations now control the vast majority of private water supply around the globe. This effects ordinary people both as workers and consumers.

In the face of globalisation, it is more important than ever that workers across the world come together to ensure that these corporations are not allowed to ignore their rights to decent working conditions, or to turn a water supply into a commodity rather than a basic right. For this reason, in January 2002 War on Want organised a delegation to South Africa taking UNISON workers from the water industry in the UK to meet their counter-parts in South Africa. What we discovered shocked us, but through the people we met and organisations we visited, we have also been able to create the sort of solidarity that is needed if globalisation is to reduce poverty rather than increase inequality and trample over the rights of ordinary people in the developed and developing worlds.

Why South Africa?

Both War on Want and UNISON have a proud history of supporting the anti-apartheid movement in South Africa – a global movement which ended a viciously racist regime. But our support for ordinary people in South Africa does not end there. The fight against poverty in South Africa has a long way to go. Many trade unions in South Africa are concerned that their government's plans to privatise many basic services will hinder that fight by pricing water out of reach of the poorest whilst attacking jobs and working conditions.

When one company employs hundreds of thousands of people and controls the supply of a basic service like water, the power they have is immense. By organising in the workplace, in trade unions, ordinary people have ensured that their basic rights are protected, that they work in decent conditions with a living wage and that society operates in a democratic manner. This is how trade unions have fought against poverty in the UK. If we are to continue this fight, we now need to organise

on a global level. Only by expressing solidarity with those working in similar industries to ourselves in the developing world, can we prevent companies from dividing and attacking the rights of the people they employ.

The poorest of the poor

We took 4 workers from Northumbrian Water, Essex & Suffolk Water and Yorkshire Water to visit workplaces and communities affected by the privatisation of water, and build solidarity between trade unionists in Britain and South Africa.

Embalenhle

The type of poverty we witnessed was typified at Embalenhle Sewerage plant in Mpumalanga, where a community of 4,000 people live almost on top of the plant. Embalenhle consists of thousands of "houses" - scraps of rusting metal and wood. In the summer it boils, in the winter it freezes. Sanitation is provided by the "bucket system" - 14 members of the local community are responsible for disposing of the human waste generated, using only buckets. When the tractors which pick up the buckets break down they are not repaired immediately. Some of the buckets are broken. Understandably, members of the community using the bucket system were deeply unhappy.

It was clear that the system was greatly in need of further investment, but in a community where more than 75 per cent of adults are unemployed with no source of alternative income, it is impossible to construct an economically viable case to raise more funds from the community. Despite this, and the failure of one attempt at privatisation, there were rumours that the municipal authority was again thinking of privatising the sanitation and water services.

Case Notes 1

Embalenhle Sewerage Plant

The water and waste system around Embalenhle, which were clearly inadequate, had been privatised by WUST in 1991, then taken over by another company, Waterlab, in 1996. Community pressure forced the local Council to re-nationalise in 1997, when improvements were not forthcoming. Since then the council has undermined efforts to extend and improve service. 4,000 people here were served by just 14 workers - i.e. 14 workers processed 4,000 buckets of waste every day. The standpipes had been installed as part of a programme of reforms under the RDP (the ANC's original economic policy before it adopted the neo-liberal GEAR), before then there was no local access to clean water. However, they were fitted with washers which cut off the water if the particular standpipe was being 'over-utilised'. Community members paid flat rates, but metering was being introduced.

Workers told us that, apart from being overworked, there was blatant racism, for example black workers were not promoted, regardless of experience. Following privatisation, pension fund and medical entitlement were cut, and workers were de-unionised. Although the union successfully sued the company for pension cuts, the workers only received one-quarter of the amount awarded when the company liquidated.

The really distressing fact is that just half an hour's drive away some of the richest corporations in the world own lavish buildings shaped like diamonds, aeroplanes, even the Taj Mahal. White people enjoy a western lifestyle, complete with swimming pools and unrestricted water access. Recently South Africa has overtaken Brazil as the most unequal middle income country in the world.

Nelspruit

Further North, in Nelspruit, British trans-national corporation Bi-water has signed a 30-year lease through which it supplies most of the area with water. Bi-water is a good example of a company which is small in the UK, providing water to the area around Bournemouth, but is a giant at the international level. Many people complained to us that under the new system they were being charged very high tariffs for water and sanitation, without even enjoying a constant supply of water.

As an example, when we arrived the Zwelitsha community was on its fourth day without water, and Matsulu community members were forced to hire cars to drive 5km to collect water.

According to the communities interviewed, many of these problems began after November 1999 when Bi-water privatised the town's water. Workers also claimed their conditions were under attack. Nearly 60 workers at a plumbing company – a Bi-water subcontractor – were found to be earning only R150 (roughly £11) per week, while being forced to work in ragged clothing, not being paid proper insurance and not receiving payslips.

Case notes 2

NELSPRUIT

Workers complained of:

- No uniforms or safety clothing - many workers wore ripped t-shirts and worn out trousers
- Certain functions (like cutting off water and meter installation) had been sub-contracted to a local operator. Workers in this company were treated worse than Bi-water workers even though they were based at the same plant. The distinction appeared to be used as a 'divide and rule' tactic
- Many workers were employed on temporary contracts. One worker had worked for 2 years on a temporary contract
- The pension payments had been stopped
- No training was provided
- Pay was late
- The head office of Bi-Water was a distance away and if the workers wanted to complain, they had to pay for transport
- Sub-contracted/ temporary workers couldn't be unionised

UK unionists explained how legislation had been won in the UK making it illegal to cut off water supplies. UK delegates also stressed the importance of union solidarity, even when workers were formally employed in different companies.

Workers said that Bi-Water had extended the water coverage in the area but they had also raised prices and installed meters. Workers were regularly threatened when going to disconnect people – especially since they were not wearing uniforms. This caused problems in the community. In terms of pay, most workers received R1380

(£98) per month but temporary workers only received R600 (£43).

There was a great deal of scepticism that Bi-Water had a decent capital investment programme for extending water coverage. R150million (roughly £10million) had allegedly been lent to Bi-Water to help with this programme by the South African Development Bank, but there was more than a suspicion that Bi-Water was operating on the basis of borrowed money (i.e. speculation rather than development).

Ezwelecta Clinic & Clau-Clau Clinic

Although Ezwelecta and Clau-Clau clinics are outside the area served by Bi-Water, most of the people they treated were directly affected by Bi-Water's privatisation. We visited clinics dealing with pregnant women. The clinic paid R72 (£5) per month for water supply. Water was not supplied to the clinic all the time, but they did have a storage supply when it was cut off. The real problem was in the surrounding area where the water shortage was damaging people's health. On the day we visited the community was on its 4th consecutive day without water.

We heard that before privatisation, the water supply had actually been more efficient, and that at the very least the municipality would tell people before they were cut off for a time. Once cut off, community members had to rely on "charity" to get water – from friends and relatives – or they had to walk many miles to obtain water.

People were also unable to afford sewerage bills of R45 (£3) per month. Those unable to afford this had to use the "pit system" – dumping waste into a hole and covering it with ash. This had obvious health implications. Water shortage was clearly linked to: cholera, diarrhoea and many less serious illnesses.

All this was in an area of 75% unemployment or very unpredictable employment in the informal sector. Some of this informal work constituted growing and selling vegetables, which was made impossible by water shortages. A nurse told us "I would like to receive water 24 hours a day. Water is a means of life."

Bi-Water Sewerage Workers, Nelspruit

We visited a second set of Bi-Water workers and

encountered many of the same problems. We heard that although Bi-Water workers do not disconnect supply, (this is contracted out), they still faced community hostility, and firmly believed that workers who did disconnect were endangering their lives in some cases. Again staff were wearing unsuitable clothes. They were especially concerned about overwork, and said that the workforce had gone down from 10 to 8.

Next to the plant, we noticed a community standpipe which people were crowding around, filling up huge containers with water. We learnt that this was because most people had run out of water. Those collecting water were either doing so for money (they could sell it to people who don't have cars) or were doing it for 'charitable' community reasons. Women walked to the standpipe and filled enormous containers with water, which they then carried for miles in blistering heat, back to their families.

We also learnt how people are paying for air with the new meters. We were told that the meters do not shut off when the water does, which means that when people turn their taps on, air shoots through the meters very fast and knocks up the water bill tremendously. Another reason why people don't feel they should pay the amount charged. Bi-Water had been informed but failed to take action.

Central Nelspruit Water Depot

On our third day we visited the water utility in the centre of Nelspruit, which looked far better equipped than anything we had seen so far. There were stacks of pipes in one corner of the yard, and so we assumed that some capital improvement was underway. However, when we asked the workers, we were told that the pipes had been there over a year, and were there for PR purposes.

Case notes 3

Central Water Depot

Over half the workers were contract workers (without uniforms) and we were told that this was a divide and rule tactic. The contract workers were regarded as 'sub-workers', ever anxious to be taken on as a permanent worker, thus keeping the fulltime workers on their toes. There is a huge pay differential for the two sets of workers – between R200 (£14) and R1000 (£71) per month. Any new staff are taken on as temporary



People collect water near Nelspruit due to lack of provision

workers because Bi-Water only had to guarantee conditions for existing workers at the time it privatised.

Workers who had been their 20 years told us that there was no longer any recognition of long service (there had previously been a bonus). We met a worker who had been working for 3 years as a temporary worker, thereby not entitled to sick pay or other benefits. They also said there was much worse service in rural than city areas. One worker told us "previously we had a proper water system, so why don't we return to that system?"

In terms of the community served, we heard that some people had only just been connected, and already had bills of R200 (£14). Many workers took water home from the plant in vans, because their personal supply was so poor. Whilst we were at the plant, the general supervisor for Nelspruit came over and intimidated the workers – until we persuaded him to leave. It seemed clear that Bi-Water had an appalling record of public consultation and accountability – by both refusing to speak to the union and refusing to hold community forums. One worker told us that Bi-Water had told workers that they would be dismissed if they said anything negative about Bi-Water: "we have no right to freedom of speech". Another workers told us "we are treated like dogs. We run around fetching the meat, but who eats it? Not the workers".

Odi

The third day was spent in a different part of the country – Odi, on the outskirts of Pretoria, one of the former homelands under apartheid. Here an attempt had been made to draw in the badly needed investment without turning water into a commodity by the creation of a "public-public partnership". With union backing the para-statal water board put in a bid to run the water utility in conjunction with the municipality. Workers and local councillors cited the reduction of the government's subsidy to the project as the reason for the deficit.

In Klipgat, Mafanele High School, more than 700 pupils are taught, but we found no water on the first day of school. Teachers said they were forced to lock up the toilets last October after their water supply was discontinued. They said the school owed around R96,000 (roughly £7,000) in water bills. Pupils had been told to bring their own water to school, but many did not have water at home. Although the South African constitution specifies that everyone is entitled to a basic water service, set at 6,000 litres a month, residents said they were not receiving this and had been forced to make illegal connections.

Case Notes 4

Odi Water Depot

There was a very noticeable difference in the set up at Odi and the depots we had seen to date. One delegate said "what a difference. It's a million



Workers in an Odi water depot

miles from what we've seen to date". We were shown round the depot by union reps, and the management seemed to have good union relations.

There were, nonetheless, a number of identifiable problems. Pension payments seemed a problem, and we were told that a training programme had only just been put in place. Equally the pay structure didn't get a rapturous endorsement. But more generally, the communities were also being metered in Odi and it was worrying that even the local trade union steward, had started using phrases like "the culture of non-payment" to describe people's inability to pay for water. Despite attempts to get workers to speak about their conditions, it was very much the shop stewards who spoke for them, and from speaking to one later, it was clear that he was seeking a promotion to a management position.

Eventually a very positive response did emerge from one worker who spoke passionately about the fact that they felt they were working for a public service - something completely lacking amongst workers in Nelspruit. The conditions were undoubtedly better in Odi, but the municipalities, perhaps under pressure from the central government, were largely responsible for its continuing failure to work. It simply didn't have the necessary money.

Odi Community

We also saw a community office which the project

had set up to make it easier for people to pay their bills, make complaints or hold community/ project management fora regarding the project. One problem that surfaced was the connection cost being charged in Odi - R850 (£61) is certainly beyond the means of most of the very poor families in this area.

Odi highlights one of the main problems with a model which divides water into sellable local units - it makes it impossible to cross-subsidise water on a national basis. Hence the poor areas remain poor and the rich areas remain rich. The desperately poor residents cannot afford high water tariffs or the connection fee.

Johannesburg

In Johannesburg, Suez-Ondeo, the same company that owns Northumbria Water in the UK, had been awarded a 5-year management contract for the Water Utility. Whilst working conditions were visibly better, employees stressed that since profit became the bottom line, cost-cutting wherever possible had become normal. The results were obvious enough - pipes visibly spewing water into the street sometimes for several weeks, ultimately costing more than it saves. Another worker told us: "they don't provide the necessary tools for the job"; every additional item had to be bargained over.

Community leaders also claimed that the company was failing to comply with the official 6,000 litres of free water per month. They said no account was

being taken of the amount of water being wasted by leaking pipes and inadequate infrastructure, and consequently the figures published by the company were inaccurate and misleading.

Residents also complained of inadequate consultation over the future investment plans that form part of Joburg's Integrated Development Plan. The company had announced that to improve sanitation they planned to install pit latrines in the township without water supplies or piped sewerage network. Community leaders were appalled at this plan because they feared that the pit latrines were unhealthy and insufficient for most families' needs. Moreover, this high handed approach to consultation did not bode well for a young democracy.

Case Notes 5

SAMWU, Central Joburg Branch

Igoli 2002 is the strategic programme which aims to make Joburg a "world-class city". At its centre is the partial or total privatisation of Joburg's basic services including electricity, telecommunications and water. One part of Igoli 2002 in practice has been the 5-year contract which Northumbrian Water Group (owned by the French international group Suez-Ondeo) have signed to manage Joburg's water utility.

As part of the cost cutting involved in this process, workers told us safety had been scaled down. We heard an appalling story about one man who had died through negligent safety procedures, yet "nothing has been done to prevent this happening again". One UK Delegate explained health and safety legislation in Britain where a trade union rep had the power to stop work if h&s is being neglected.

When workers left, they were not replaced, as management questioned whether they were really necessary. Beyond this there was now a contraction of staffing levels, with every opportunity being taken to dismiss workers.

One thing that the new system had done, however, was make the utility more sensitive to consumer demand. However, it seemed obvious which consumers were more important to the company here in Joburg – whilst white areas receive priority treatment in terms of repairs and complaints, in Soweto water could leak for 3 weeks before being fixed.

It seemed that the workers had been promised much by the change in management – secondments, training, decent pay increments – but little had yet materialised. The company had recently started taking on temporary contract workers. Staff shortage was one of the biggest complaints. Management had set up joint labour forums, but it seemed, in line with the UK delegates' experiences, that they were being used to undermine and marginalise the union.

One of the main justifications for Suez taking over the management function had been the desperately needed capital investment to extend the water and sewerage system. But there had been little sign of this. Indeed attempts to cut costs had led to more problems which would end up costing more money. One of the worst things about the Joburg system was that many of the pipes desperately needed replacing, but workers claimed that there had been little replacement, little improvement in sanitation, and that any improvement that had been made was in white middle-class areas.

As one delegate suggested: "in actual fact it is the poor subsidising the rich – whilst businesses are able to pay their water rates without thinking, it is the poor who struggle with every penny, thereby allowing business rates to remain low."

The Anti-Privatisation Forum (APF)

Case notes 6

The aims of the APF are to:

- Increase the allowance of free water from 6,000 litres per month, which is clearly inadequate
- Implement a proper tariff structure which cross-subsidises basic services in favour of the poor
- Where there is no access to services, ensure that services are extended in a democratic manner
- Make cut-offs illegal



Caption

We put forward the argument that Joburg was in desperate need of capital investment in order to extend and improve water and sanitation services, and that if private corporations could provide this, surely it was worth a try.

The APF told us that there were only two major pieces of capital investment going on: pit latrines were being built as a supposedly modern form of sewerage disposal; and bars were being installed which prevent the flow of water when users are unable to pay.

We heard that there had been community consultation by the companies involved in both water and electricity, but that it had mostly been with white consumers. We also heard that in Joburg, the authorities do not merely disconnect, but possess houses and sell furniture.

Soweto and Electricity Privatisation

The fight against the sort of anti-poor effects that privatisation threatens are not limited to water. We also met the Soweto Electricity Crisis Committee (SECC), set up to protect people in the wake of electricity privatisation and metering. We met several people from Soweto including:

- A woman who had received an electricity bill for R13,000, even though she was unemployed. She had been illegally

reconnected by the SECC, but the electricity company was proceeding with legal action to reclaim the money that they say she owed.

- An 84-year-old woman living in an appalling state who's had no electricity since last April and lives by candlelight. She also claimed that money was being deducted from her pension for arrears.
- A retired woman who had to look after several grandchildren. One was a 9-year-old boy who was HIV positive. Despite having only a small pension, she had to find R15 (£1) every day to take him to hospital to give him the medicines he needed. If she did not have money that day, he had to forego his treatment.

The SECC was looking to expand its operations into water, health, education and crime.

What happened when we got back?

One of the delegates told a press conference at the end of the visit: "The purpose of our visit was to question how globalisation affected the water and sanitation provisions made to the poorest and most needy communities. After visiting three main examples of water provision it is clear from the evidence we have collected that the privatisation of water is not solving the water and sanitation services of the poorest and most needy communities.

"The commodification of water into an economic good to be bought and sold according to market principles has nothing to offer the poor. As any salesman will tell you, to strike a deal you need a product to sell at an attractive price and a buyer willing and able to make a purchase. In the case of water you have neither. I have been shocked at the

various tactics adopted by companies, especially noticeable in Bi-Water's operations in Nelspruit, to extract payments from people. They cut off supplies, they install water meters and they increase tariffs. It amounts to nothing other than blackmail and extortion."



Houses in Embalenhle

Playing your part...

Solidarity cannot end with one delegation. That's why when we returned to the UK, we decided that we would set up a twinning arrangement, not just with UNISON and SAMWU nationally, but between the union branches of Johannesburg and Northumbria Water: two branches on opposite sides of the world representing workers in the same corporation. We now have to ensure that this is not just a paper exercise, but that it's the beginning of an ongoing relationship which can strengthen both sets of workers in the face of huge corporate power.

If companies can operate at a global level, then workers must also work at a global level if their rights are not going to be driven down across the world. You can start right now...

It's up to union members like you to ensure that this is just the beginning. There are several steps you can take right now:

- Hold a branch meeting and show the Water for Sale video. If you would like a speaker from the delegation to address your branch, call Steve

Bloomfield (above) or Nick Dearden on 020 7620 1111 or at ndearden@waronwant.org. If it goes well, you may want to consider holding a regional day on global action with other unions, charities and community groups.

- Twin your branch with a union branch representing workers in the same, or a similar company. Contact UNISON sectoral organiser Steve Bloomfield for information on how you can go about this at s.bloomfield@unison.co.uk or call 0207 388 2366.
- Once you've twinned your branch, keep in regular contact. By doing this you can learn from one another and take joint action when it's needed.
- Pass a resolution supporting international work and mandate your branch or region to undertake more international solidarity work. Why not create a 'globalisation officer' for your branch/ region? Contact Jackie Simpkins at War on Want for more details jsimpkins@waronwant.org
- Raise international issues at water sector conferences. Submit motions or request international speakers.
- Hold a training day on globalisation. War on Want recently launched a course for trade union members on globalisation and international solidarity. It's free of charge and gives lots of ideas/ exercises which you can

adapt and use. We may even be able to run the course on the day. For more information contact Jackie Simpkins on 020 7620 1111 or jsimpkins@waronwant.org.

- Join War on Want's Invest in Freedom campaign. Although you may not think of yourself as a shareholder, if you are part of an occupational pension scheme, you will probably own shares in some of the largest corporations in the world. This gives you enormous power to change the policies and practices of the companies you are invested in, and will make sure that your money is not being used to abuse workers' rights. For more information contact Nick Dearden.
- Join any of War on Want's international workers' rights campaigns. Whether you want to support trade unionists in Colombia, who risk their lives to build a fairer society, or textile workers in Bangladesh who face some of the worst working conditions imaginable to make the clothes we wear, there is bound to be something you can do. For more details go to www.globalworkplace.org.

It will take time, but only through such solidarity can we ensure that globalisation works for the many rather than just the few.

More information on the delegation can be found at: www.globalworkplace.org.

All photos courtesy of Steve Bloomfield and John Kidd

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