

# Erwin's privatisation tap dance – or is it?

*Since former trade and industry minister Alec Erwin took over the public enterprises portfolio, there has been debate as to whether there has been a shift in government policy on privatisation. **Jane Barrett** argues that government's fundamental policy of privatisation remains in place in transport.*

**T**here has been much debate about the extent of a government policy shift on privatisation in the past months. Based on our own experience of the transport sector, Satawu can confirm that there has been a shift, but that this shift has been more gradual and less dramatic than many commentators believe. The fundamentals of government's policy of privatisation remain firmly in place. There have been some tweaks and changes in language, which we can count as good news, but we should not be lulled into complacency.

We date the start of the shift to just over two years ago, when as a result of protest by and engagement with Satawu and other rail unions, government reversed its decision to privatise our railways. For the first time in the process of restructuring of state assets, government engaged labour and management in a serious problem-solving exercise. The result was a common view that the consequences of government's privatisation plans would be a shrunken rail network, drastically reduced volumes carried by rail, and massive job cuts. The agreement

reached revolved around a 20 year plan of investment, volume growth, network rehabilitation, and efficiency gains through concrete projects.

The recent announcements by the CEO of Spoornet are entirely in keeping with this plan. The R14bn investment programme is marginally more aggressive than was originally envisaged, and the volume projections are greater than were anticipated. None of the plans involve injections of state capital. All this is good news for railway workers, Spoornet and the economy as a whole. But it must be remembered that none of this would have been possible if we as organised labour had allowed government to proceed with its rail privatisation plans in 2001.

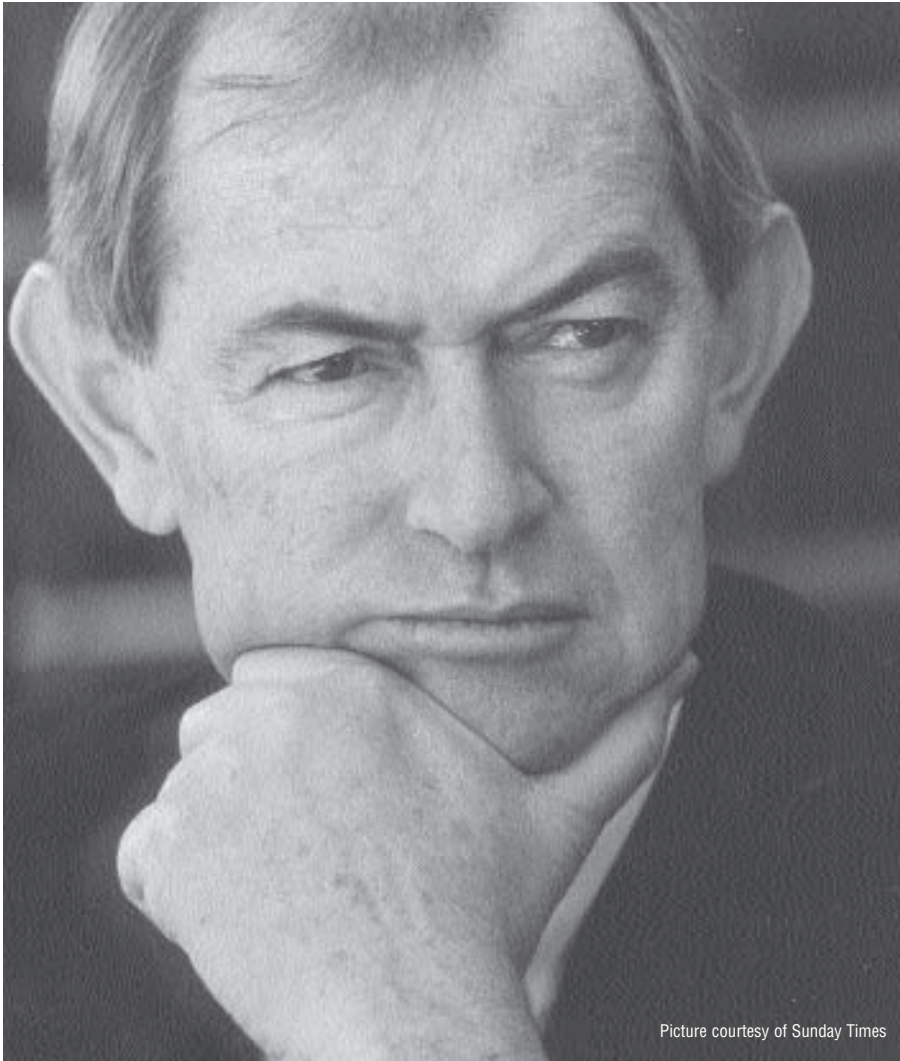
After the Spoornet agreement, the language of the ANC and government started to change. Increasingly President Mbeki, ministers and senior ANC officials talked of the importance of investment in basic infrastructure, and the role of the parastatals in the economy. These sentiments were reflected in resolutions at the ANC's 2003 conference and in its election manifesto. To this extent there has

been a shift, and an important one at that, because it is a change in the big picture. But here comes the sting.

While there may have been a change in overall focus, there has yet to be any real discussion on the social and economic role of the parastatals. In transport Satawu has been requesting talks on the role of Transnet for four years, but government has consistently ducked them, arguing that it is not ready to discuss an end-state vision because it doesn't yet have one.

The absence of consensus on the role of Transnet has meant that middle level government bureaucrats, in cahoots with Transnet's middle management, have been able to act without any reference to the bigger picture. They have unilaterally done the following:

- Corporatised Transwerk Foundries (whose new management promptly pushed the company into the red, resulting in the closure of three foundries)
- Arranged a management buy-out of Transnet Pharmacies
- Put the sale of Transnet Housing out to tender



Picture courtesy of Sunday Times

## *politics and economics*

- Called for bidders for the administration of the Transnet Pension Fund (and encouraged another management buy-out in the process)
- Put the sale of the road passenger service Autopax out to tender
- Announced the sale of 51% of the road freight service Freightdynamics and sold off Transwerk's Perway.

All these actions have been in violation of the National Framework Agreement on the restructuring of state assets. Not a single transaction has been signed off by the management-labour Transnet Restructuring Committee, established in terms of the NFA. All are therefore the subject of current or potential industrial disputes within Transnet. There is the distinct possibility that the various disputes will be drawn together into one major Section 77 dispute, in line with a resolution adopted by Satawu's national congress in late 2003.

Government will no doubt defend its actions on the grounds that these businesses are 'non core'. But in a world where everybody who knows anything about transport is increasingly talking and doing 'integrated logistics', this makes no sense at all. And it definitely makes no sense in the absence of an agreed vision for Transnet.

But the problems with the restructuring process do not simply relate to the smaller business units of Transnet. There is showdown looming over Minister Radebe's recent announcements on the merger of Metrorail, Shosholoza Meyl and the SARCC. As part of the Spoornet agreement, government, management and labour agreed to investigate the viability of such a merger. A joint Task Team was appointed and met on a number of occasions before its work was halted by government pending the

resolution of financial squabbles between Metrorail and SARCC.

That was the last we as labour heard of the process until the minister's recent announcement. In our view, there may be merit in the merger, but there may also be many unforeseen difficulties which need to be explored before any decision is made. There is nowhere else in the world where long distance and commuter passenger services are run as one operation. The three rail unions have called for an urgent meeting with the Minister of Transport, failing which we may have yet another dispute on our hands.

And then of course there are the ports. The last engagement Satawu had with government on the future of our ports was in November 2003, when an agreement was reached that the future ownership structure of port operations would be discussed in a tripartite forum, where the possibility of private sector involvement would be tested. Satawu was willing to put the private sector on the agenda, provided the approach was problem-solving and the process thorough.

There was no agreement that government's model of concessioning, starting with the Durban Container Terminal, should be pursued. Satawu expected that the tripartite forum would start its work in January 2004. But since that date absolutely no effort has been made by government to get the process going. Instead, there have been repeated references to the concessioning of DCT being 'on track'. Yet another Section 77 dispute in the making!

If you hear that Satawu is preparing for a Transnet-wide strike, take that as a sign that privatisation is not quite as dead as you thought it was.

*Barrett is Satawu's head of policy and research.*