

Not for profit

service delivery

Numerous government documents and pieces of legislation promote the idea of local government playing a developmental role. According to the White Paper on Local Government, this means 'a local government committed to working with citizens and community groups to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives'. The white paper also says that local government must represent communities, protect their human rights and meet their basic needs. However, this article shows what local government is really doing and what the consequences are.

Over the last few years, local government has been restructuring. Municipalities have been using this process, with encouragement from central government, to privatise or commercialise service delivery.

Privatisation

Privatisation is more than just the selling of state assets. It includes:

- ❑ cutting the size of the public sector;
- ❑ introducing private sector ways of operating into the public sector;
- ❑ opening up new areas of the economy for profit-making; and
- ❑ increasing the power and control of the private sector over the economy.

Gear promotes the withdrawal of the government from direct service provision.

by Sandra van Niekerk

Gear also promotes private sector ways of operating as the answer to economic growth. Therefore, municipalities have been bringing private sector principles and operators into the public sector.

Commercialisation

With commercialisation, every aspect of local government is commercialised – how it operates, how it delivers services, and how it charges for those services.

Commercialisation means that local government does not deliver services itself anymore. Instead, local government's new role is to create a suitable environment for service providers in which to operate. Local government also monitors and regulates the operations of the service providers.

The service provider could be part of the municipality, such as a business unit, or it could be a private company. The service provider is independent from the council and operates like a private sector company. As a result, the service provider is more concerned with cost recovery than with meeting social needs. This means it charges tariffs that cover its operations, maintenance and part of its capital costs.

For services, it means the emphasis shifts. It is no longer about providing

providing services users can afford. Commercialisation means that residents become consumers. For a resident, it is like walking into a supermarket and buying the service. If one month they do not have enough money, then they must buy less water, or no electricity. As a result, poor communities will not be able to afford to improve their infrastructure. These communities will continue to rely on standpipes, being unable to afford water piped into their homes. These communities will be stuck in poverty.

If the government believes people must pay the full cost of services, and get the service that they can afford, it does not create room for cross-subsidisation. Cross-subsidisation means wealthy households and businesses are charged more than the cost of delivering the service to them. This extra money allows local government to subsidise poor households.

Impact on workers and communities

In South Africa, more than 22-million people live in poverty and the unemployment rate is 36%. If local government commercialises service delivery, it will have a major impact on people's access to services. The poor simply cannot afford to pay for services.

Already we are seeing the negative impact of privatisation and commercialisation:

- Residents cannot call councillors to account for services, since the council does not provide services directly anymore. Neither can residents call private companies to account, as they are only accountable to their shareholders.
- There is a lack of transparency with most contracts containing secrecy clauses, which prevents communities from knowing to what the council has agreed.
- Prices could increase and the quality of

service could decrease - trends shown by extensive international evidence.

- The implications for health and the environment are negative because of the low levels of services that most residents will be able to afford.
- Disconnections and evictions will increase, as more and more people are unable to pay their accounts.

Privatisation and commercialisation affect workers as follows:

- Job losses are likely when services are privatised, with women often the first to go. Hand-in-hand with this is increasing casualisation and the use of temporary workers.
- Work intensification is also likely, with fewer workers doing the same job.

The list of negative consequences for workers, communities, and the municipalities is endless. International evidence exists to back it up. It seems, however, that government is willing to ignore all these consequences.

Government believes that free market principles will somehow, eventually benefit poor communities.

SAMWU's vision

In contrast to the government, SAMWU believes that the state must play an active, interventionist role in the economy. This is the only way to alleviate poverty, reduce inequalities and improve the lives of ordinary people. The profit-seeking operations of private companies cannot solve these problems. Nor can it be done by the state adopting a commercial approach to service delivery. Ultimately, local governments have to deliver services with the intention to meet social needs, not to make a profit. ★

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