iGoli 2002

SAMWU's Anna Weekes argues that iGoli 2002 addresses the needs of the rich and not the working class.

The iGoli 2002 plan to radically restructure Johannesburg is going full steam ahead, despite the dispute declared by SAMWU in the Bargaining Council in early October 1999. So far iGoli 2002 has managed to bulldoze through public condemnation by a popular Soweto councillor (suspended for two years from the ANC for his public criticism of iGoli 2002), an outcry by Braamfontein's forcibly removed hawkers, complaints from the provincial office of the South African National Civics Organisation and protest action by the SACP's active Johannesburg branch.

So far, nothing has been able to put a decisive stop to the implementation of iGoli 2002.The restructuring plan, dreamt up by an elite group of top councillors, officials and private consultants, was formulated at a weekend *bosberaad* in January 1999. Later that month, iGoli 2002 was then refined at an employer workshop called 'Bite the Bullet'.

The iGoli 2002 plan has these key elements:

- the outright sale and privatisation of Metro Gas, Johannesburg Stadium and the Rand Airport, as well as the sale of land and council housing stock;
- the formation of separate companies (registered under the Companies Act) in water and sanitation, electricity and waste management (called utilities in the plan).This amounts to privatisation by stealth.The council will be a shareholder in these companies and a board of directors and a managing director (MD) will run these companies;
- the formation of 'agencies' in roads and stormwater, parks and cemeteries.These are separate companies but they will not be registered under the Companies Act. Whilst having a board of directors and a MD who control the assets and staff, the council will continue to own the assets in the immediate term. Agencies will tender for contracts and if they win the tender, will deliver services;
- the zoo, Civic Theatre, farms, a housing company, property, urban and economic research and special projects will be 'corporatised'.They will have a separate legal existence and may have private company involvement or partnerships.

Profit not social need

This plan adopts a neo-liberal approach to the problems of service delivery. It is primarily driven by financial concerns. Its starting point is neither social needs nor transformation based on adequate and thorough participation by those affected. It does not recognise that the state must be the primary provider of decent and affordable services for all. Instead it extensively opens the door to the private sector whose involvement is contingent on profits not social need. It threatens cross-subsidisation which is essential to ensure redistribution to the working class and the poor. It threatens labour standards as the council will increasingly turn to subcontracting arrangements to save labour costs and erode hard-won gains.

In short, iGoli's approach promotes the commodification of basic services. It undermines the possibility of mass participation as well as decent service delivery for all.

Consultant's advice

SAMWU released a critique of iGoli 2002 earlier this year. All the criticisms still stand. SAMWU said that a business plan that refers to citizens as customers would never be able to socially uplift the lives of people living in the most unequal city in the world. SAMWU also said that the plan did not make economic sense to begin with, mainly because it was hurriedly thought up and did not use any thorough cost benefit analysis or integrated development plan as a starting point. For example, the profitable Fresh Produce Market, which is a major job-creation asset – selling the produce of 10 000 farmers to 200 000 hawkers across the SADC region, was put on sale because the Lekgotla was not sure where exactly the market's surplus was going. The market's R23-million annual surplus could be spent on upgrading the market, or cross-subsidising water to township residents. Instead, a decision to sell the market was made purely because the Lekgotla said it would be more efficient.

At one 'stakeholders meeting' that SAMWU representatives attended by accident – not by invitation – suited consultants from five international companies said in their slick presentation, that the outright sale value of the market would be R85,9-million. The alternatives they had explored were converting it to a section 21 company – which would bring in R119,4-million, or leasing it out, with the council retaining ownership. The lease option would raise R76,7-million. The consultants recommended that outright sale was the best option even though outright sale would only bring in R9,8-million more than a lease option. The consultant's recommendation was hardly surprising given that the market had already been earmarked for privatisation in the iGoli 2002 document, before they were commissioned.

But the council's public private partnership (PPP) officer, Prem Govender, admitted that the predicted sale price might be lower, depending on what the private sector felt like offering, and that council would simply take the best bid. He also mentioned that the market's information technology system had been upgraded just a month before at a cost to the council of R12-million. The previous system was apparently so old that it did not function at all from time-to-time. The new system meant that the market would start generating more surplus immediately. Taking these extra factors into account, the consultant's recommendation of privatisation was actually the worst option, and would bring in R3-million less than any other option. It seemed only logical to SAMWU that this, at the very least, was a ground to oppose the sale of the market. Gas was earmarked for sale because according to iGoli 2002 'it is also plagued by problems of unaccounted for gas that is growing, non-payment, inadequate management capacity and growing competition'.

Since Metro Gas mainly supplies business and better off sections of our society, it seems strange that non-payment was being listed as a valid excuse to privatise. This element of iGoli 2002 is just another illustration of the lack of the council's political will to recover debts and attach the property of rich non-payers with the same vigour that is applied to township non-payers.

SAMWU concurred with the SACP comments on the sale of the Johannesburg stadium. According to iGoli 2002, the Johannesburg stadium was meant to cost R97-million but eventually cost us R140-million after the council paid R23-million for a claim by the contractor and R17-million in legal fees. The SACP comment on this was that 'this means R40-million more was spent ostensibly due to a serious management error. Now it is the workers who must pay for this...'

Alternatives

The Lekgotla has not made any effort whatsoever to explore alternatives to iGoli 2002. But alternatives do exist – from simple tasks to creative solutions. The council is incurring massive losses in Alexandra, where for example, water workers could simply fix leaky water pipes and the council could ensure proper revenue collection. SAMWU initiated such a project in Cape Town last year. Known as the Water Leaks Repair Project, it makes use of young intern plumbers from the community who work hand in hand with SAMWU members to repair leaks inside the council homes of Ikapa residents. The project is saving the council R10-million per year.

The Lekgotla is also ignoring public financing options. In September, Fitch IBCA (an international rating agency) gave the city of Johannesburg a good short-term and an average long-term credit rating. The council can now borrow substantial amounts of money at prime minus 3%. Instead, the Lekgotla chose to take a R20-million 'donation' from international financiers like the International Finance Corporation and USAID. It has not disclosed whether future loans it will get from the World Bank, will be at prime minus 3%. If these loans were, they would be the cheapest in the history of the World Bank.

Surprises

The iGoli 2002 plan is also ever changing, and seems to have many surprises in store for the people of Johannesburg. Recently, City Manager Ketso Gordhan announced it will sell off 33 old age homes – this was never in the original plan.

It is clear that iGoli 2002 only has one aim: zero deficit for the city of Johannesburg. At first glance, achieving zero deficit in a huge metropolitan city where a few people have control of millions of rands of assets, should not be too difficult. All that is needed are buyers for the services. But sadly, even a mass sell off is unlikely to solve Johannesburg's financial problems because the city's financial mess is rooted in managerial incompetence.

A SAMWU official said 'when workers die or retire they are not replaced. Yet they are hiring manager after manager and we don't know what these managers are doing'. They are not keeping their books competently. The Auditor General could not balance Johannesburg's books this year for the third year in a row.

Nothing seems to faze the Lekgotla. The most recent example of this was the mass march of about 18 000 people which brought Johannesburg to a standstill on

26 October. At the march, COSATU's regional secretary Anthony Selepe, the SACP's general secretary Blade Nzimande, SANCO, Microbusiness South Africa and IMATU all gave iGoli 2002 a resounding thumbs down. A representative of Microbusiness South Africa said: 'We don't want this privatisation, and we don't want this Ketso!' The Freedom of Expression Institute publicly condemned the ANC's decision to suspend Pimville ward councillor Trevor Ngwane who spoke out against the plan. Yet despite protests coming from several diverse corners, and despite television footage of the march, and about 10 journalists being present as eyewitnesses, Kenny Fihla (head of the Transformation Lekgotla), told the press the next day that the demonstration consisted solely of 2000 'ignorant and misguided' SAMWU members.

SAMWU members protest, 26 October 1999.

iGoli 2002 says it aims to make Johannesburg a 'world-class city'. Yet so far it's only supporters are not the ordinary working class inhabitants of the city. It's supporters are the DP, whose spokesperson on local government put forward a motion in the Gauteng legislature that the provincial government should 'express its full support for iGoli 2002' and that SAMWU should do the same.

iGoli 2002's supporters are the international financiers. Its support is also drawn from those who are the biggest rates defaulters – Johannesburg business. Not one community group has indicated support for the plan.

As this article went to press, SAMWU reiterated its call for a moratorium on the implementation of the plan. The union's understanding of the LRA is that when a dispute is declared, the cause of that dispute should be held in abeyance until resolution has been reached. SAMWU believes that the Lekgotla's continued implementation of iGoli 2002 undermines the spirit and the letter of the LRA. As COSATU provincial secretary Anthony Selepe said at the march: 'We didn't vote for Ketso and we didn't vote for privatisation.' ★

Anna Weekes is SAMWU's media officer.