

## *Suez in South Africa*

South Africa is often used as a showcase for Africa. With a modern economy and huge investment potential it is often deemed the economic engine of Africa. For Suez it's a water privatization display case.

As the era of apartheid transitioned into a black, majority-rule democracy, the World Bank played an important role advising the new South African government and wrote the main part of the new South African Urban Infrastructure Investment Framework in 1994.<sup>i</sup> The Reconstruction and Development Program of the South African government proposed a national water tariff with cross subsidization in order for low-income residents to access at least 50 liters of water per day in the short term and up to 200 liters in the longer term. Unfortunately, these policies were overruled by policies biased towards privatization and cost-recovery introduced in the Growth, Employment and Redistribution program in 1996.

Suez collaborated with the Apartheid government. It has been active in the country since 1970 when the subsidiary Degrémont won a contract to design and construct water and wastewater plants.<sup>ii</sup> In the following years Suez was active in over 200 such contracts that supplied clean water to the white minority while ignoring the needs of black South Africans. During Apartheid the Black population was not allowed to permanently reside in white areas, which included major cities and the best agricultural areas. Black South Africans could rent council housing in the cities or reside in so-called "homelands". The result was that services to black South Africans were far inferior to that of whites and often more expensive. Cut-off restrictions applied in black townships while white households were ignored. This is the system Suez saw as a business opportunity in the 1970s. As a result the anti-apartheid organizations called for rent-boycotts, and service bills went unpaid for many years.

In 1986 Suez formed Water and Sanitation Services Africa (WSSA), a joint venture with another company named Group Five, and began the operation of wastewater treatment in KwaZulu Natal. In 1992 it won a 25 year lease contract in Queenstown (Eastern Cape), in 1993 WSSA signed a lease contract with Stutterheim (Eastern Cape) and in 1996 the corporation won the operation and maintenance contract for Zandvliet Waste Water Treatment Works (Western Cape) and for Mtubatuba Water Treatment Works (KwaZulu Natal). WSSA has further launched a partnership in wastewater services with Durban Metro.<sup>iii</sup>

Suez contracts have been most controversial in the larger cities. In 2001 the Suez-led JOWAM consortium signed a 5-year contract to provide water management in Johannesburg. At the beginning of 2003 a worker died in a manhole after the company failed to provide safety equipment. Members of the South African Municipal Workers Union (SAMWU) were allegedly reprimanded by the company for exposing the death to national TV.<sup>iv</sup> In Johannesburg, Suez has installed pre-paid water meters in one of the poorest townships, Orangefarm (and requires residents there to physically unblock sewer

pipes every three months).<sup>v</sup> Pre-paid meters require consumers to pay for their water before they use it and automatically cut-off water users when more money is owed. The use of pre-paid meters has been linked to cholera outbreaks in KwaZulu Natal. Suez has ignored the UK high-court ruling forbidding pre-paid meters and is intent on testing these meters in Africa to increase the company's profitability. The company wants to eliminate the messy work of billing for water and has ignored complaints from the township about the system and reports of faulty meters. But Orangefarm is just the test case – the company plans to introduce pre-paid water meters in the vast township of Soweto by 2004.<sup>vi</sup>

In Cape Town the Suez contract at the Zandvliet plant led to prolonged labor disputes and continues to be embroiled in controversy. The workers were demanding a housing subsidy, an 11.3% wage increase and an extended job safety agreement.<sup>vii</sup> Shop stewards at the plant allege that they are targeted for their involvement with SAMWU, an official trade union, and their work to keep utilities in public hands. In September 2002, 22 workers were arrested at a strike and jailed for several days. Max Ntanyana, a SAMWU shop steward at the plant, has been repeatedly arrested. When the Mandela Park community went to protest, Suez called the police and allegedly requested that Italian filmmakers who were recording the scene be detained.<sup>viii</sup> Neither the arrested workers nor the filmmakers were charged with any wrongdoing. Max Ntanyana has been ordered by the court to refrain from speaking publicly and participating in organizational meetings.<sup>ix</sup>

Suez's South African labor trouble doesn't seem to end. In September 2002, at the plant in Queenstown, 120 workers went on strike. The incident occurred after a senior shop steward, Ayanda Ndonga was mistreated by management and two additional shop stewards were charged internally with inciting the workers. Management withdrew transportation for workers who refused to work overtime. The plant is 3.5 miles outside the town.<sup>x</sup>

Mike Muller, Director-General, Department of Water Affairs and Forestry (DWAF) continues to claim that the World Bank inspired policies were a DWAF brain child and maintains that public-private partnerships and cost-recovery policies "*[are the] absolutely [...] most sensible way of running a water system, and it's the way most water systems are run in most of the world.*"<sup>xi</sup> Mike Muller should know that, in fact, most water systems are run by the public sector.

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<sup>i</sup> The Center for Public Integrity Investigative Journalist in the Public Interest "*Metered to Death: How a Water Experiment Caused Riots and a Cholera Epidemic*" <http://www.icij.org/water/default.aspx?sid=ch&aid=49>

<sup>ii</sup> "*SUEZ at the United Nations' global summit on sustainable development*" Press release Paris, August 29, 2002.

<sup>iii</sup> "*SUEZ at the United Nations' global summit on sustainable development*" Press release Paris, August 29, 2002.

<sup>iv</sup> "*SAMWU lashes at Water Company Boss*" SAMWU weekly 19-26 July 2002 South Africa from [http://qsilver.queensu.ca/~mispadmin/pages/In\\_The\\_News/2002/July/lashes.htm](http://qsilver.queensu.ca/~mispadmin/pages/In_The_News/2002/July/lashes.htm).

<sup>v</sup> Unpublished report by Patrick Bond titled "An early Jo'burg advisory ... Suez" e-mail February 20, 2003.

<sup>vi</sup> Wales, Zack "Secret Contacts Row Puts Spotlight on Water Management" *All Africa*, March 22, 2003

<sup>vii</sup> "*Jailed privatised water workers freed, to continue strike today*" Western Cape Anti-Eviction Campaign, Cape Town, September 10, 2002 South Africa.

<sup>viii</sup> "*Suez water plant strike: Mandela Park community protesting*" Western Cape Anti-Eviction Campaign, Cape Town September 10, 2002 South Africa and "*Jailed privatised water workers freed, to continue strike today*" Western Cape Anti-Eviction Campaign, Cape Town, September 10, 2002 South Africa.

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- <sup>ix</sup> "5 Mandela Park Anti-Eviction Campaign members to appear in Khayelitsha Magistrates court" Independent Media South Africa, February 27, 2003 <http://southafrica.indymedia.org/news/2003/02/3198.php>
- <sup>x</sup> SAMWU Press release, September 4, 2002, South Africa.
- <sup>xi</sup> The Center for Public Integrity Investigative Journalist in the Public Interest "Metered to Death: How a Water Experiment Caused Riots and a Cholera Epidemic" <http://www.icij.org/water/default.aspx?sid=ch&aid=49>