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Restructuring of the South African electricity distribution industry (EDI)

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2010-07-30T08:32:46Z
http://hdl.handle.net/10539/8328

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Chapter One

Introduction

1.1 Introduction

This chapter comprises seven sections namely; background to the study, main research question, sub-questions, research aim, rationale, theoretical frame, report outline and chapter summary.

In addition the report presents that restructuring in the distribution industry is not limited to the electricity sector per se. Instead the macro context consisting of the political, economic and social contexts, also the concerns of organised labour with the restructuring of the electricity distribution industry in South Africa are also included.

1.2 Background to the study

"Electricity supply throughout the world is undergoing a revolution. This is caused mainly, but not solely, by electricity utilities having to meet new pressures resulting from global markets and governments opening up their countries to foreign investors to help fund power sector expansion and development. As a result, utilities have to see themselves as businesses, and act accordingly" White Paper on the Energy Policy of the Republic of South Africa (1998).

Key for organised labour in their response to such a restructuring project is to safeguard its members' interests and the social impacts on broader society. Under the government's critical assumptions about the restructuring the 1st consideration about the restructuring is that "Retrenchments that might occur in the distribution industry as a result of restructuring, will have to be negotiated" White Paper on Energy Policy of the Republic of South Africa (1998).

The advent in 1994 of a democratic dispensation in South Africa resulted in the new African National Congress (ANC) government being faced with insurmountable challenges brought about by the apartheid system. One of the challenges was the electricity sector which had to be refocused in order to respond to the electricity demands of the broader South African society especially the black and working class and poor which did not enjoy the benefits from electricity.

Many of whom are located in the rural and under developed areas. Under the apartheid government, services were mainly directed toward the minority white communities at the exclusion of the black majority. Many of whom are located in the rural and under developed areas. Numerous studies in the distribution industry indicated that challenges are being experienced by Eskom and local government municipalities by providing efficient electricity services to consumers.

The Department of Minerals and Energy presented the 1998 White Paper on Energy Policy. Its objectives are to enhance the efficiency and competitiveness of the South African economy by providing low-cost and high quality energy to the industrial, mining and other sectors. In addition to the 1998 Energy policy, the ownership and governance of Eskom which was South Africa's only vertically integrated electricity utility was converted effectively from a statutory body into a public company Eskom Holdings Limited by the Eskom Amendment Act of 1997 and Eskom Conversion Act No 13 of 2001.

Eskom is now separated into three divisions namely generation, transmission and distribution. The Act took effect on 01st July 2002. Eskom was converted in 2002 to a wholly state-owned limited company. The electricity utility produces 96% of electricity generated in South Africa, and owns and operates the national transmission grid, which transports electricity from power stations to the main load centres. The Government of the Republic of South Africa is the sole shareholder of Eskom with the Minister of Public Enterprises as the shareholder representative. The two tier governance structure of the Electricity Council and the Management Board was replaced by a board of Directors.

Moreover, as part of government's efforts to restructure the electricity utility, the conversion of Eskom provided the ideal opportunity to review Eskom's existing governance structures and to design a more effective and streamlined decision-making process. Consequently, the board is the accounting authority in terms of the Public Finance Management Act (PMFA). According to Hassen (2006), the positive feature is that Eskom's change in status resulted in it not only paying taxes, but government taking up the responsibility to fund the electrification programme.

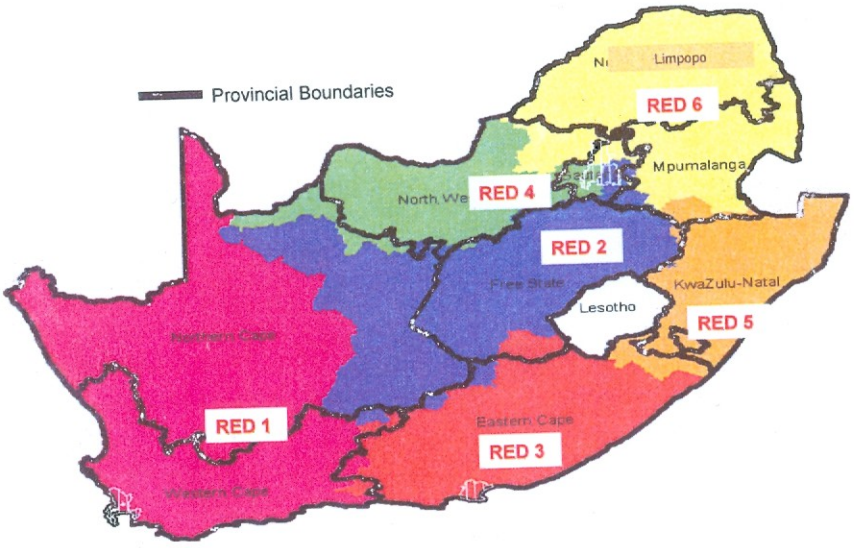
This meant that government could now play an important planning and execution role by electrifying the poorest rural areas in South Africa. However, this restructuring process was argued by many opponents of restructuring such as organised labour in particular as setting the stage for government's privatisation agenda. Many public protest campaigns were held against the corporatisation of the electricity utility but government continued with its own objectives in contrast to the demands from organised labour and as Pape (2001) asserts, the proposed Regional Electricity Distributors (REDs) private-public-partnerships (PPPs) will be yet another unnecessary surrender to global capital.

With the refocusing of the electricity industry from the minority to the majority government started to prioritise and concentrate on the restructuring of the electricity distribution industry (EDI). Reasons advanced for restructuring of the industry were that the industry is highly inefficient owing to fragmentation, inadequate maintenance networks, and inadequate treatment of customers across the country, inconsistent electrification performance and the slow and inconsistent roll-out of free basic electricity (FBE). It also aims to achieve environmental sustainability in both the short and long term Department of Mineral and Energy (DME, EDI Restructuring project, 1999).

This restructuring process led to cabinet appointing a consortia led by PriceWaterHouseCoopers (PWC) as Technical advisors and in association with engineering, legal, human and financial advisors to define a strategy for electricity distribution industry, plans for the creation of the holding company and plans for the

creation of REDs. The overall outcome of the report created the strategic areas of focus for the establishment of the REDs. PWC (2000) recommended that six key areas which include the RED definition (Figure 1), ownership, governance and the legal status of REDs, asset valuation and transfer, regulatory and commercial outline, financial transition strategy and human resource strategy had to be adopted in order for government to pursue its restructuring agenda in the EDI. It included the "consolidation of the EDI which composed of Eskom distribution and municipal electricity departments into six financially viable and independent REDs.

Figure 1.1: Recommended 6 RED regions



Moreover, the objective for the establishment of these REDs were to ensure that electrification targets are met, provide low cost electricity, facilitate better price equality, improve the financial health of the industry, improve the quality of service and supply, foster proper co-ordination of operations and investment capital and to attract and retain competent employees. President Mbeki announced in parliament in 2004 that the first RED would be established by June 2005 and be launched in the Western Cape. The process of restructuring would be complete by January 2007 and each household would

be given access to electricity within eight years Gaunt (2008). Stakeholders participating in the EDI restructuring process are dealing with all the key strategic issues. As reported above, nothing significant transpired apart from setting up the EDI-Holdings company and dealing with human resource issues. The constitutional amendment would fast-track the implementation process unless detractors would resort to institute legal challenges.

However, due to the lack of proper legislative framework and seemingly subtle resistance from South African Local Government Authorities (SALGA), little progress had been made with the actual implementation thus far. Progress since 2000 which can be recorded however is that the majority of municipalities agreed to participate in the establishment of REDs, that agreements are being negotiated with organised labour to ensure the smooth transfer of some 30 000+ employees from Eskom distribution centres and municipalities' electricity departments to the envisaged REDs.

The latest key area is the constitutional amendment to ensure that national government regain control in order to implement is objectives at a local level. The reason for the constitutional amendment is due to the resistance by local government authorities to be incorporated into the REDs. This according to trade unions operating at local municipal level would result in negative electricity revenue for local government. This would jeopardise the entire operations in local government.

The whole structure of the REDs changed on several occasions. Initially, cabinet decided that REDs would be municipal entities (ME's). The decision however changed which declared REDs public utilities (PE's), then a 7th or National Red was recommended. Ultimately cabinet decided there should be six wall to wall REDS (REDs boundaries are designed to balance out different types of customers (Figure 1). Each RED will be anchored in a metropolitan and/or larger urban municipality in the country) would be established for the country.

This process led to the City of Cape Town and the declaration that "all agreements affecting the relationship between the Cape Town City Council, Eskom and RED One

were nullified by the cabinet decision in October and cancelled by the City Council decision in December 2006, and allowed the agreements to lapse at the end of 2006. “The need to retain any staff fell away” Gaunt (2008).

In addition, the National Electricity Regulator of South Africa (NERSA) awarded a distribution licence to the City of Cape Town’s Council in December 2006, effectively terminating the first and only RED. Although the CEO of RED One Mouzer. S described the RED as a success, it is clear that it particularly and practically failed to achieve any objectives in respect of staff and asset transfer, rationalisation and efficiency Gaunt (2008). In response to the cabinet decision of October 2006 and the termination of RED One, the DME introduced new legislation to give effect to the restructuring proposals.

The focus of the EDI restructuring was thus far in the Western Cape where the pilot project for the first RED was launched. As will be dealt with in chapter four, this process did not proceed according to the envisaged plan. For example, nothing concrete has been implemented since the adoption of the EDI Blue Print recommendations. Basically all the stakeholders in the EDI restructuring negotiations referred to the failure of RED One as a bad disaster and that similar challenges would await national government unless significant change models are implemented thus taking all concerns and recommendations into consideration.

According to Gaunt (2008), there seems to be strong interest groupings going right back to the 1990s or even the late 1980s. Gaunt asserts that we must protect the electricity interests from politics which showed “a huge lack of understanding because of the fact that at that stage the electricity industry was owned by the people but now it is owned by government”. Gaunt continues by insisting however, that “the industry is embedded in politics” and thus explains that what you had is an excuse like meaning the break-up of the electricity industry to try and get control of the industry for them-selves. According to Gaunt other people such as COSATU, SACP and other non-governmental organisations were fighting to stop that.

Discussions had already ensued about electricity restructuring of the state-owned

enterprise during 1985, this process had devastating effects on the workforce. According to Bond (2002) having fired more than 40,000 of its 85,000 workers during the early 1990s, thanks to mechanisation and overcapacity, the electricity utility outsourced and corporatized several key operations in recent years, drawing the ire of workers. The metalworkers and mineworkers unions have been told that while electricity generation rights will be sold, Eskom's transmission and distribution will remain state-owned.

According to Bond the South African cabinet is expected to approve the restructuring programme in February then. But unions in the sector remained worried that further commercialisation will kill yet more employment, in an economy that has lost more than a million formal sector jobs since the early 1990s. The utility however regards this reduction as part of the natural attrition process and proudly asserts that it does not retrench employees. In addition, employees during the 1990s were provided an opportunity to apply for “voluntary retrenchment packages”. This prompted unions at Eskom and the NUM in particular to engage on the “Safe Eskom” campaign.

Government by late 1990s decided that focus would be diverted to the electricity distribution sector as a number of distribution challenges were identified. The challenges include the following: the industry is highly fragmented with more than 289 municipalities and Eskom distribution division servicing the country, 2) there are substantial differences in the financial health of the municipal distributors, 3) there is a wide disparity in the prices paid by various customer segments that cannot be fully explained by the costs associated with servicing these segments, 4) economies of scale, skill and specialisation are not being captured by many small distributors, 5) electrification needs are not evenly distributed across regions with some of the poorer regions having the greatest need, 6) if the industry is expected to both contribute to funding other municipal services (as it does currently) and to pay for the electrification programme over the long-term, the electricity distribution industry will experience financial bankruptcy without alternative funding and pricing mechanisms White Paper on the Energy Policy of the Republic of South Africa (1998).

The current electricity restructuring of the industry will affect workers at both Eskom Distribution as well as municipal electricity departments. As before, organised labour as a significant role player during the restructuring exercise is again called upon to act on behalf of its members. However, this restructuring has exposed various challenges faced by labour such as organised ability to engage in human resource discussions mainly, the lack of capacity in dealing with the technical and legal recommendations in the entire EDI Restructuring Blueprint document, clear and comprehensive research proposals and taking community organisations along.

This initiative to pursue privatisation was discontinued due to strong opposition from Eskom's consumers and the powerful South African trade unions operating in the sector. These trade unions include, the National Union of Mineworkers (NUM), National Union of Metalworkers of South Africa (NUMSA) led by their federation Congress of South African Trade Unions (COSATU) and Solidarity within the Federation of trade unions of South Africa (FEDUSA) stable.

Moreover, several national strikes called by COSATU resulted due to government's lack of transparency on privatisation. Such challenges led to the intensification of the anti-privatisation campaign mainly led by COSATU. Other role players in the anti-privatisation struggle include the South-African Communist Party (SACP) and other non-governmental organisations. Government has since then pursued aggressive privatisation strategies despite reservation from labour. Thousands of job losses occurred resulting in several meetings with government to ensure that privatisation would not result in further job losses.

Organised labour is responding in different ways depending on their particular interest to the challenges of the EDI restructuring. In responding to the challenges of restructuring and as indicated the resultant privatisation, COSATU (2005), identified a major cause of unemployment as the constant retrenchment by businesses of workers. Nowadays, they continue even profitable companies engage periodic frenzies of retrenchment and "downsizing". They argue that it cost very little to retrench and that retrenchment is often

a real indictment of management, and a barometer of its incompetence.

A number of concerns have been identified by organised labour based on the challenges being experienced in the EDI restructuring process. Challenges such as capacity by unions to present technical arguments, the ability by organised labour to be represented in all or most of the different sub-streams and challenges to formulate mandates. Lastly, the ever present challenge about job-losses will be as a result of the electricity distribution restructuring.

According to Bond in Shangase (2007), many an observer has cried foul to the fact that whilst the struggle to eradicate the legacy of apartheid the ANC led government has adopted neo-liberal policies. Unions at Eskom and at municipalities have opposing views about the restructuring process. However, one union at Eskom supports the restructuring in that it would be good for the country whereas unions in municipalities are against it in that it would weaken current municipal capacity such as human, finance as well as other skills. Other unions however regard restructuring as part of the neo-liberal agenda.

According to Webster and von Holdt (2006), the work order in South Africa has been restructured under the complex impact of a "triple transition" with political, economic and social dimensions. Webster and von Holdt further argue that the transition is from authoritarianism to democratic and social rights for workers, from a domestically orientated economy to a more globally integrated one accompanied by corporate and workplace restructuring. The restructuring presents the ongoing concerns from organised labour generally and more specifically workers in the electricity distribution about their future stability.

Furthermore, studies on steelworks von Holdt (2005), the engineering industry Bezuidenhout (2005), and wine industry Ewart and Du Toit (2005) query the extent to which the racial restructuring of the formal workplace is being replaced by skills training and employment equity. Moreover, Webster and von Holdt argue that corporate restructuring, the reorganisation of work, and the differentiation of work along these lines

is creating new lines in social inclusion and exclusion in post-apartheid South Africa. Having highlighted the above, organised labour remained trapped in the frame of focussing on job-security mainly as opposed to engage strategically with matters of sustainable job creation as well as presenting a comprehensive plan in its response to restructuring generally.

1.3 Main Research Question

What are the concerns of organised labour with the restructuring of the electricity distribution industry in South Africa?

1.4 Sub-Questions

- Which stakeholder organisations are represented?
- To what extent have the stakeholders participated?
- What is organised labour's view of the restructuring process?
- What are the objectives of the restructuring process?

1.5 Research Aim

The aim of the research project seeks to:

- explore organised labour's concerns about the EDI restructuring process
- explore organised labour's involvement during the restructuring process
- explore the concerns of organised labour with government's neo-liberal restructuring agenda

1.6 Rationale

EDI restructuring have received considerable scholarly attention globally in countries such as Iran, Turkey, Philippine, Russia and now in South Africa. However there is a dearth of such studies pertaining to the concerns of organised labour with restructuring of

the electricity distribution. This was significant enough to warrant a study in this field. The most significant contribution to this field of work in South Africa and elsewhere are not necessarily proponents of organised labour, authors such as Cronin (2007), Pucadan and de Guzman (2002), Erdogdu (2008), Khosroshahi, Jadid and Shahidehpour (2009), Bekker, Eberhart, Gaunt, Marqaurd (2005), Pape (2001), Webster and von Holdt (2005), Bond (2004) to name but a few.

Nonetheless, such studies have barely scratched the surface in understanding the reason for restructuring which proponents of neo-liberal ideologies succeed to advance. Organised labour, based on the negative impacts on working people elsewhere remain resistant to restructuring of the industry and other sectors without empirical reasoning being provided. The current economic crisis merely deepened the concerns of organised labour as such would even accelerate the already unacceptable social conditions thrust upon ordinary working people and the poor.

The purpose of such research is to explore the concerns of organised labour about the EDI restructuring but also to learn the various perspectives of the key stakeholders such as government, organised labour and employer bodies such as Eskom and SALGA. This, according to Neuman (2000) is called exploratory research. However, the impact of restructuring on organised labour has always been dismissed or diminished in favour of maximum shareholder value.

As presented by Williams (2000), shareholder value was used in the 1990s in Britain and USA as a management justification for the corporate restructuring and downsizing which promised to deliver increased rates of return. Organised labour highlights that restructuring of the electricity distribution industry would result in job-losses which will create additional pressure on the state.

Existing literature will be utilised in my explanation of its usefulness to my research project. Based on the volumes of literature pertaining to the concerns of organised labour about restructuring and its impacts it remains limited whereas the overwhelming

percentage is conducted by proponents of such restructuring projects who are in the main advancing neo-liberal agendas at the expense of the poor. Authors such as Pacudan and de Guzman (2002) argue that restructuring the electricity distribution industry in the Philippines and that scale inefficiency occurs when a firm is not operating at a scale of operations consistent with long run competitive equilibrium, i.e. at a point consistent with constant returns to scale.

In addition they argue that if increasing returns to scale exist, then the average productivity would increase with increasing scale size. This research is exciting and of interest as hardly a different perspective on behalf of organised labour has been captured in the current literature.

In conclusion, the research will thus be used to advance the general knowledge and in so doing hopefully be used to solve specific problems. This according to Neuman (2000) is that basic research advances fundamental knowledge about the social world. It is hoped that the applied research would try to solve specific problems and help practitioners to accomplish tasks.

1.7 Report Outline

Chapter two of the report covers the literature review and the theoretical framework. Chapter three is covering the research methodology which encompasses both primary and secondary literature. Chapter four deal with the research analyses and finding of the study. Chapter five cover the discussion and the theoretical context and chapter six presents the conclusions and recommendations as a building block for future research challenges.

1.8 Chapter Summary

This chapter sets the scene for the study. It presented objectives and rationale of the study in order to highlight the need for investigation concerns of organized labour during the

restructuring of the EDI. The research aims were to explore the concerns of organized labour with the restructuring of the electricity distribution industry. To address this question this study will also attempt to examine the following related questions; which stakeholder organizations are represented, to what extent have the stakeholders participated, what is organized labour's views about the restructuring process and what are the main objectives of the restructuring process? In doing so, the research argue that the factors apart from EDI restructuring such as political, economic and social are important in presenting organized labour's concerns within a restructuring approach.

The following chapter will provide an analysis of a neo-liberal ideology which is underpinned by a neo-classical theory. EDI Restructuring will be discussed in relation to the neo-liberal ideology which is impacting on the concerns of organized labour.

Chapter Two

Literature Review and Theoretical Framework

2.1 Introduction

The focus of this literature review is to conduct an analysis of the key issues examined in the research undertaking namely; the theoretical frame, energy restructuring - an international perspective, background to the South African electricity industry, EDI restructuring, role of organised labour in South Africa's transformative process during the 1980s and 1990s, the influence of neo-liberal ideology, corporatism, conclusion and summary.

Solidarity was right in its inference that workers in the electricity distribution industry are justified about their concerns in relation to restructuring in this sector even though the actual transition from the legacy employers (Eskom distribution and municipal electricity departments) to the REDs did not as yet taken place. The impact of such restructuring could thus not yet be felt. It would be impossible to proof by proponents of restructuring that there is no relationship between politics (governments), economics (neo-liberal agendas) and society (organised and disorganised formations).

The chapter will capture the literature as follows:

The literature will cover six sections which will deal with (i) Theoretical frame (ii) energy restructuring, an international perspective. (iii) Background to the South African electricity industry with regards to restructuring developments from the 1980s. (iv) The role of organised labour during the 1980s and 1990s in responding to the aggressive implementation strategies such as restructuring of both corporations and State Owned Enterprises (SOEs) and its devastating impact on workers in the electricity sector specifically. (v) EDI restructuring, this section will include literature covering the developments since the late 1990s up till the present. (vi) The influence of neo-liberal ideology by way of "right-sizing" SOEs such as electricity utilities in order to maximise

return at the expense of workers. (vii) Lastly the literature will capture the corporatism is really working?

In order to understand the different concepts it would be important to start with the definition of restructuring, Wikipedia the free encyclopaedia describes "restructuring" as the corporate management term for the act of reorganising the legal, ownership, operational, or other structures of a company for the purpose of making it more profitable, or better organised for its present needs.

Alternate reasons for restructuring include a change of ownership or ownership structure, demerger, or a response to a crisis or major change in the business such as bankruptcy, repositioning, or buyout. Restructuring may also be described as corporate restructuring, debt restructuring and final restructuring. Organised labour need to be fully capacitated to respond to such terminologies such processes are suggested by corporations and SOEs.

2.2 Frame of argument

The research study will discuss its findings within the negative impacts of neo-liberalism and Pape's (2001) argument which I explain below. Martinez and Garcia (2000) theorises "neo-liberalism" as a set of economic policies that have become widespread during the last 25 years or so. The main points of neo-liberalism as they define it include the rule of the market, cutting the public expenditure for social services, deregulation, privatisation and eliminating the concept of "the public good" or "community" and replacing it with "individual responsibility".

Martinez and Garcia assert that only a few will benefit and for the vast majority it will bring more suffering without end. According to SAMWU restructuring of the electricity distribution industry will result in tariff increases at the expense of the poor, job-losses which will create additional burden on the state, the opening up of the market, competition and the ultimate privatisation of these utilities.

EDI restructuring has become the government's main focal point in providing an improved electricity distribution service to the country. According to government reports distribution of electricity is having a number challenges which are hampering proper service delivery. Kotze (2003) argues that although neo-liberalism came to South Africa relatively late, it was implemented rapidly with the Ministers of Finance and Trade and Industry committing the country to timeframes that were far shorter than generally required for the implementation of international agreements.

More often than not, this Kotze argues led to significant job-losses, particularly in the manufacturing industry as the country was flooded with cheap imports, and these job losses have contributed to the alarming increase in poverty in the country. This study will thus present a totally different perspective with regards to the concerns of organised labour and the negative social impacts.

Pape's (2001) study is a central reference because it provides us with an understanding of the initial processes around restructuring electricity in Cape Town. In fact he was critical towards the general party political situation in relation to organised labour and the ruling Democratic Alliance and its predecessor the Nationalist party in that province by raising the narrow provincial interest relation to the broader agenda of the South African government's interests. Pape insisted that the proposed REDs PPPs will yet be another unnecessary surrender to global capital. The NUM postulate that Eskom should not be allowed to be privatised, compete and maximise profit, in fact it should operate as was the case under the apartheid regime when the electricity utility's responsibility was to implement social objectives only.

My research will build on Pape's study by focussing on the concerns of organised labour. As I will further explain in Chapter 3, this research further focuses on one area of the country which is the Western Cape because it was identified by government in 2004 as province to launch RED One as a pilot project for the rest of the country. As mentioned above, several studies referred to the significance of restructuring in South Africa but knowledge of the dynamics about the concerns of organised labour remains limited. In

addition, besides the aforementioned studies, concerns of organised labour with restructuring in general and electricity distribution in particular is largely based on anecdotal evidence therefore this research seeks to explore an evidence based relationship and various strategies being presented by organised labour in its pursuance to safe-guard its benefits.

Neo-liberalism is underpinned by neo-classical economic theory. Scholars define the theory as having three basic important components namely; owing, buying and selling. Its proponents argued that economic are rational, motivated to increase own satisfaction and maximise satisfaction for the greater good. Wikipedia describes neo-classical economic theory as a term variously used for approaches to economics focussing on the determination of prices, outputs and income. The term was originally introduced by Thorstein Veblen in 1900 in his Preconception of Economic Science.

2.3 Energy restructuring, an international perspective

Cronin (2007) asserts that based on the sample of studies, one could conclude that in general ownership form per se has little impact on efficiency for distribution electric utilities or even that public ownership may be more efficient. The distribution sector according to Cronin is a crucial infrastructure industry that is vital to the economy and the well-being of citizens.

The government and regulatory agencies he insisted need to base their policies affecting cities on fact, and not on ideological and dogmatic belief. Organised labour in the electricity sector is of the view that lessons should be drawn from international experience in both developed and developing countries with similar geographic and socio-economic conditions. Countries such as Sweden, Germany, US, France, Venezuela, Brazil and Chilly were cited.

According to Gaunt (2005) the electricity distribution industry is being restructured and re-regulated in many countries. The restructuring moreover, includes the privatisation of

government-owned utilities and in this case the electricity industry, the formulation of new approaches to regulation, and the establishment of complex trading markets in most developed countries on the basis that competition promotes economic efficiency. Gaunt further asserts that restructuring has also been promoted in many developing countries to improve efficiency. However, there are significant differences between electricity distribution in developed and developing countries, particularly with respect to competition and subsidies.

This, Gaunt explains is because widespread electrification was achieved in most developed countries many years ago, often with subsidy support. Today, further subsidised electrification is no longer required. Gaunt further argues that in stark contrast to the conditions in such countries, in developing countries, extending the benefits of access to electricity still needs to be subsidised. In view of this, competition that promotes efficiency objectives may not be effective in achieving social objectives (Gaunt, 2005). All unions in the electricity sector highlighted the importance of subsidizing the industry in order to achieve government's objectives in supporting the poor.

Since the 1890s, both Britain and America have experienced corporate restructuring in the form of periodic mergers and acquisition waves. In the latest wave at the end of the 1980s, however this perception was associated with the coining of the neologism 'restructuring', which bracketed merger and acquisition with much else on the grounds that all these actions aimed to increase shareholder value Froud, Haslam, Johal, and Williams (1999). Under current British or American regulations, control of internal labour costs generally is not a problem if management is able to shuffle product lines, recompose labour tasks, (even when wages cannot be cut) and pay off some workers.

According to Govender (2002) basically every country today is caught up in the dynamics of the so-called "corporate globalisation" of the world through rapid technological advances and pressures to liberalise cross border trade. The victims, suffering the most are workers who, encouraged by company executives invested their

life and retirement savings into company stocks. For energy workers in particular, the Enron case in 2002 has increased the resolve for organised labour internationally to stop the fast track unbundling, deregulation and privatisation of the energy sector. Workers in the South-African electricity industry agree that international experience should be accommodated.

This would thus strengthen policy positions if institutions such as the International Labour Organisation (ILO), is approached to streamline and co-ordinate international labour approaches. However, the context for energy policies in industrialised countries differs significantly from emerging nations and so it is not simple to learn from these experiences.

According to Praetorius and Bleyl (2004) in their experience substantial and valuable input to the development process of a South African energy agency initiative could be extracted from the practical know-how gained in Germany, in particular regarding the interaction of focus areas, organisational and funding aspects. Both trade unions and Eskom indicated that international study tour outcomes were not used optimally.

In 1999 the Organisation for Economic Cooperation and Development (OECD) issued a document, The OECD Principles of Corporate Governance, emphasises that corporations should be run, first and foremost, in the interests of the shareholders OECD (1999). Energy corporations thus translated energy into a commodity, which like everything else must be produced and traded for maximum profit and workers have to shoulder the burden. Organised labour is consistently challenging the prospects by the South African government to launch initial private public offerings (IPPs) to tab into the opportunities presented by the energy sector. Labour remained concerned about such initiatives as it usually results in downsizing at the bottom-end.

The membership base has been significantly weakened as large multinational corporations (TNCs) have become increasingly dominant on the world stage. However unions are refusing to lie down. The resistance by organised labour and the ultimate slow-

down of the aggressive drive by government during the early 2000s resulted in reversal of privatisation programmes by government. As Lazonick and O'Sullivan (2000) argue that in the context of maximising shareholder value, the transformation of US corporate strategy from an orientation towards retention of corporate earnings and reinvestment in corporate growth through the 1970s to one of downsizing of corporate labour forces and distribution of corporate earnings to shareholders over the past two decades" had increasingly put workers under severe pressure.

Throughout the world, much effort continues to be expended in developing robust methods to uniformly and consistently quantify the reliability of distribution service based on electric system performance. According to Chatterton, Hall, and Warren (2005) "benchmarking is a mainstay of most successful business organizations across all industries throughout the world". This typically includes the comparison of some measure or measures of performance against one's leading competitors or identified peer group.

Therefore, as in most electricity distribution markets, government regulation under the National Energy Regulator of South Africa of South Africa (NERSA) would serve as a substitute for competition in the restructuring of South African electricity distribution industry (EDI). As such, the NERSA would require network reliability benchmarking of each of the six regional electricity distributors (REDs) in support of fair and equitable targets for economic regulation. In this regard, REDs would use performance benchmarking in management decision-making and in support of their positions on economic regulation before the NERSA.

Chatterton et al (2005) argue that market analysts, investors, owners, and large commercial/industrial electric customers would regularly compare performance levels between different companies in support of their own internal decision-making. This is because Electric power distribution reliability has proven to be a key area of benchmarking in the more mature electric distribution regulatory environments throughout the world (e.g., UK, USA., CA, AU, etc.) and promises the same in South

Africa's future EDI. The challenge for organised labour is to ensure that internal organisational capacity is generated to respond adequately. Respondents from organised labour however acknowledged that such capacity strategically at a technical level is lacking but that they should draw on both local and international research experience.

Why should distribution be privatised? The growing empirical evidence on the inefficiency of state owned enterprises and a worldwide trend toward liberalisation are the main motivations of privatisation in many developing countries Erdogdu (2008). According to Erdogdu Turkish public enterprises in general and public electricity distribution companies in particular have not been exceptions. Other reasons for privatisation cited in the literature may be summarised as follows: privatisation provides competition with a fertile ground to develop.

The labour federations and many non-governmental organisations in South Africa are totally opposed to any possibility of commercialising the electricity sector especially distribution which has been seen as part of the steps towards privatisation. Moreover, according to Erdogdu the possibility of a hostile takeover in a competitive market imposes fierce discipline on management and provides a powerful incentive to good management because a takeover usually leads to many changes near the top. Exploiting the benefits of competition and directing those benefits to consumers.

Furthermore, some scholars claim that the most important effect of privatisation is that the changes it brings about become practically irreversible. In the case of reforming public enterprises, the possibility is much greater than a change of government or even just a change in the opinion of the same government will undermine all reforms and may result in a return to the old interventionism and confusion.

It is also argued that the valuation of the company by movements in its share price exchanges is potentially an important check on a privatised enterprise's performance. Erdogdu assertion is that privatisation, is less reversible not only because of the complex legislation needed to reverse it would be complex, and because in some cases the

privatised bodies have disappeared into other firms or acquired overseas ownership and also because too many interests have been created that are opposed to re-nationalisation. In the Turkish case, the officially declared reasons for the privatisation of electricity distribution regions were as follows:

- Efficiency improvements and cost reduction
- Ensuring security of electricity supply and improvement in quality of electricity supplied
- Reduction in distribution loss/theft levels
- Getting private sector made necessary investments in electricity distribution business

Erdogdu further argues that energy efficiency has been one of the most important concerns in the electricity sector of many developing countries in Asia in recent years. However, the power industry privatisation and restructuring gaining international acceptance, most Asian governments at present are preoccupied with how to design and introduce reforms in the electricity supply industry.

Focus on energy efficiency would then eventually return once reform issues have been addressed and implemented. However it would, like in the case of the Turkish example be relatively easy for its government to push through pieces of reform in the electricity industry. This seems to be the case due to a seriously weak labour movement and other progressive organisations in Turkey.

The Philippine electricity distribution industry suffered considerably during the past decades Pacudan and de Guzman (2002). Almost all electric utilities (EUs) experienced serious cash-flow constraints and responded by curtailing investment and maintenance. The consequent decline in distribution companies' financial positions led to reduced investment and system maintenance, while low electricity prices tended to over-stimulate demand.

According to Pacudan and de Guzman, most utilities preferred to cut back expenditures on both urban and rural distribution systems. The resultant electric cooperatives (ECs) on

average smaller than EUs, have even less opportunity to become commercially viable, given their size, modest engineering maintenance capacity, concentration of low income and low level of consumption customers. Consequently a number of ECs have faced severe financial and operational problems with high distribution losses, inadequate maintenance of their power facilities, poor management and low market densities.

A third example is that of Iran where authors such as Khosroshahi, Jahid, and Shahidehpour (2009) postulate that the establishment of Iran's electricity market was inevitable since it was expected that the competitive environment would make the electricity power sector more attractive to independent investors and lead to the development of an efficient and active power sector. They further add that the main reason for electricity restructuring in Iran pertained to the privatisation articles which allowed for private investment in new power plants.

Moreover, the electricity sector of Iran had already unbundled the vertically integrated utility into four sectors namely, generation, transmission, distribution and retail trading. However, as in many international case studies and as cited from the three examples above the restructuring of the electricity sector within the privatised agenda, not much information was provided in relation to the impact on society and the labour force in the electricity sector in particular.

Hence the research about the actual concerns of organised labour with restructuring of the South African electricity distribution industry. Proponents of electricity distribution restructuring and its so-called benefits to the poor remain highly dismissive about organised labours' concerns about the impacts.

Within the African context, in responding to the developmental needs of the continent, the New Partnership for Africa Development (NEPAD) was developed as an initiative by African leaders to rid the continent of its colonial legacy. However, in addition to this, it was also the result of a structured marginalisation approach by globalisation at the expense of developing nations to reward the rich. Part of NEPAD's priorities is: to close

the “development gap” by focusing on infrastructure initiatives such as transport, telecommunication, energy access for more people, water and sanitation Keet (2002).

However, in spite of this, Keet asserts that “proponents of NEPAD could unintentionally find themselves drawn into defensive diplomatic or public relations postures, or damage limitation exercises around an ill-conceived initiative and poorly formulated document which does not draw on outstanding intellectuals, institutions, and well-informed and experienced civil society organisations”.

Many critics especially COSATU have questioned the haste in the implementation of the EDI policy document. Their critique being is made based on the link between NEPAD and the demands from a neo-liberal perspective. Keet further questions to what extent such a project could be advanced without backing from institutions such as the IMF, World Bank and World Trade Organisation (WTO) without further exploiting the prospects of the continent.

2.4 Background to the SA electricity industry

Electricity provision consists of three phases, generation, transmission and distribution. Generation is the process of producing electricity, transmission takes place via the high-voltage, long-distance network, and distribution involves the local wires that deliver electricity to consumers. Generation and transmission are part of the electricity supply industry (ESI) and distribution is part of the EDI Recolonizing Africa on the Power Grid (2009).

South Africa is part of many developing nations which followed the neo-liberal ideology. This resulted in the country opening up its markets to international competition and at the expense of its labour force. As markets were opening up, part of state owned institutions such as Eskom, Telkom and Transnet were being earmarked for privatisation. As a result thousands of employees lost stable jobs. South Africa started in 1994 already with the restructuring of key state-owned enterprises (SOEs).

In 2004, the then Minister of Public Enterprises presented the policy framework for SOEs Financial Mail (2004). In as much as these restructuring processes were deemed to be necessary by government, COSATU was highly sceptical about the outcome of such restructuring processes which normally result in privatisation and inevitable job-losses.

Bond (2004) put forward that government's canard of "insufficient state capacity" to some social and environmental problems had been matched by a willingness to turn resources over to the private sector. If outsourcing, corporatisation and privatisation can work anywhere in Africa, they should work in South Africa - with its large, wealthy markets, relatively competent firms and advanced infrastructure. The question post by Bond which ought to be unpacked by progressive forces especially organised labour is, how did the degeneration of a once proud liberation movement occur so decisively, and so quickly?

He answers in the following that it is tempting to point out that neo-liberalism was dictated by the IMF in December 1993 before being codified in GEAR. But he further asserts that three prior decisions were also crucial: to drop "nationalization" formally from ANC rhetoric (Apr 1992); to repay the 25 billion of inherited apartheid debt (Oct 1993); and to grant the Central bank formal independence in an interim constitution (Nov 1993).

One agrees with the author unless organised labour and COSATU in particular representing the largest segment of organised workers and part of the tri-partheid alliance engage on such matters the broader social challenges will remain. As indicated under the introduction above, all these issues are interrelated and cannot be resolved as separate and isolated parts of the same triangle.

Privatisation, despite what the South African state and liberal analysts have to say, is still part of electricity restructuring. Although there is little privatisation in the narrowest sense of the term i.e. the divestiture of state assets to private firms – the introduction of independent power producers (IPPs), the corporatisation of service providers, the

contracting out of services, and the potential for future divestitures features prominently in institutional reform models for the electricity sector. In the late 1990s, national government developed a strategic plan with the assistance of multi-national consultancy PWC to “unbundle” the country’s electricity sector (COSATU 2005; Eberhard 2005; Obubiyi and Davidson 2004 and Steyn 2006) in Electric Capitalism.

In South Africa, the most important parastatal, and the fourth largest non-petroleum power company in the world, is the Electricity Supply Commission-still known by its Afrikaans acronym, Eskom. It proudly claims to be one of the New South Africa's success stories, having provided electricity to more than 300,000 households each year. Yet many tens of thousands of people cannot afford the full cost of recovery policy that Pretoria’s mineral and energy ministry adopted in 1998.

The neo-liberal policy of cutting those who cannot afford their bills was especially unfortunate, since virtually all black South Africans were denied Eskom's services until the early 1980s due to apartheid racism. Despite, $100 million worth of World Bank loans to Pretoria for expanding Eskom's grid between 1951 and 1966, it explicitly left out all black neighbourhoods, and it is for this reason that local activists have been demanding reparations from the Bank Multinational Monitor (2001).

One could infer based on the lack of support from the Mbeki government by successfully resisting such claims from communities and thus increasing government’s attempts to salvage international recognition. With the advent of the democratic process, significant strides have been made in Eskom’s electrification programme in both poor and rural areas.

According to Vlok (2001) “Management calls it downsizing or rationalising. Consultants call it restructuring or re-aligning staff with fiscal goals. Workers call it retrenchment or ...death”. No matter the terminology, being retrenched is one of the worst things that can happen to anyone thus the consistent the challenge for organised labour is to prevent job losses where and when possible. The restructuring in the electricity distribution

industry is regarded as nothing different. Trade unions in the industry are engaged with employers to ensure that maximum worker protection and minimum to no casualties are recorded.

Organised labour COSATU (2005) indicated in the context of the restructuring agenda of the South African government and corporations in general, three main reasons for opposing privatisation. The first was that due to mass poverty, most households could not pay enough to get basic goods and services from private businesses. This is as South Africa ranks amongst the most unequal and therefore poverty-stricken countries in the world. In these circumstances, there is no market incentive for private companies to serve the majority.

Secondly, such a development required fundamental restructuring of the economy. State-control of assets provided an important lever to achieve this aim, both by extending infrastructure and production and by maintaining cross subsidies to the poor, small and micro enterprise, and similar sectors. Privatisation would rule out all such strategic social interventions.

Finally, privatisation has been widely associated with massive job-losses at all levels. Given the unofficial unemployment rate in South Africa of between 30% and 40% any further job-losses would be regarded as “unacceptable”. Due to these realities, COSATU defines privatisation as “any restructuring that involves the sale or outsourcing of assets or functions to the private sector, the replacement of social objectives with profitability by state-owned agencies, and the opening of historically state-controlled sectors to private competition”.

COSATU (2002) According to Magetla (2001) already, serious casualties on the labour front have been experienced. Since 1990, cuts in mining have consistently driven job losses, accounting for about a third of downsizing by the private sector and by 1997 manufacturing shed over 100 000 jobs.

Eskom is the South-Africa's national utility and operates a transmission system that covers about 28,000 km (17,500 miles) operating at voltages between 132 kV to 765 kV Vosloo, Trollope and Frost (2008). Electricity is predominantly generated by means of coal-fired power stations, one nuclear station, and three hydro peaking stations. The current installed capacity of the system is about 40,000 MW and during the winter of 2004 peaks of 34,200 MW was supplied.

Electricity restructuring and thus neo-liberal reforms at the parastatal Eskom, had begun in the 1980s has been on the agenda of both the apartheid and the democratically elected government since the early 1990s. Investigations dealing with the challenges in the electricity distribution industry resulted in the government resolving that restructuring of the whole electricity industry especially the Distribution sector (identified as the most challenging sector) was necessary The EDI Restructuring project (1999:5). As such some of the earliest proposals for broad electrification and restructuring were made by researchers at University of Cape Town (UCT) Gaunt (2008).

Despite this, however, the capacity to deliver electricity services to South African society has been one of the sector's key challenges. Indeed, South Africa's electricity supply industry (ESI) has experienced a major crisis in recent years Steyn (1995). According to Steyn, the electricity distribution industry in South Africa comprises about 300 electricity distributors with Eskom as the single largest distributor. Steyn put forward that Eskom supplies 98% of all electricity generated in South Africa from power stations that are mostly situated in the Mpumalanga region.

Both generation and transmission are regarded as relatively effective, organised and efficient in comparison to the distribution sector which he describes as highly fragmented and a source of many problems in the supply of electricity to end consumers. Consequently, electricity distribution collapsed in many poor areas of the country, while the disenfranchised population has demanded access to electricity. Moreover the fragmentation of the electricity distribution industry was, prior to 1994, exacerbated by the racial division of local government.

Access to household electricity connections was thus generally not extended to poor black areas and during the late 1980s there was also a widespread breakdown of the service, even in those areas that did have supply. In coming to power the African National Congress (ANC) through the Reconstruction and Development Programme (RDP) in 1994, highlighted its commitment to increasing access to electricity for previously disadvantaged populations. The majority of the unconnected were and are in areas where grid extension is uneconomical.

The Department of Mineral and Energy (DME) White Paper on Energy Policy, issued in December 1998 (DME, 1998b) established the following priorities for the electricity supply sector: to continue the electrification programme, to restructure the sector to introduce greater competition, to move to more cost-reflective tariffs, and to promote energy efficiency through an integrated planning approach.

According to Greenberg (2003) these main elements of the government proposed for the restructuring of the electricity sector through the corporatisation of the transmission sector and the restructuring of the distribution sector into a small number of REDs that would be financially and organisationally independent of one another and the state. Greenberg further suggests the general direction by government going forward during and post the restructuring process of Eskom, is to break up the vertically integrated industry into separate generation, transmission and distribution sectors that would operate as separate companies competing in a market for the generation and supply of electricity.

This is as distribution would be consolidated into regional distributors that will eventually compete with each other to supply electricity to consumers. This Greenberg puts forward would be important for labour to internalise to what extent its structures are informed in response to the introduction of competition in the electricity sector and the claim by proponents of the free-market concept that it would bring efficiency to the industry.

The purpose of establishing the Regional Electricity Distributors (REDs) was to eliminate

the discriminatory and inefficient practices in the electricity distribution sector. Wamukonya (2001) indicates that the South African government was and is committed to universal access to electricity.

Key participants in the EDI restructuring process have been government, organised labour, Eskom and SALGA and to a lesser extent organised business. Labour was in the main represented by its federation, the Confederation of Trade Unions of South Africa (COSATU) and Federation of Democratic unions of South Africa (FEDUSA) which played critical roles during the restructuring negotiations.

The major concern for organised labour was to prevent restructuring processes in both corporations and government utilities such as Eskom as this would result in unstoppable job-losses. Such restructuring processes according to Lazonick and O'Sullivan (2000) placed managers in control of these corporations that were predisposed towards shedding labour and selling off physical assets in order to meet the corporation's new financial obligations.

Consequently, when Eskom eventually embarked on an internal restructuring exercise, it resulted in a decrease of the workforce from 66 000 in 1985/6 (Eskom's Annual Report 1985) to merely 35191 in 2009 (Eskom's Annual Report 2008/9). The current employee statistics for Eskom distribution is 16796. This reduction in staff compliment in essence has not only created unnecessary pressure on the workforce and its unions, but the skills levels have also impacted negatively in the overall provision of electricity service to the nation.

The recent spate of electricity shortages such as black-outs, Froud, Haslam, Johal and Williams (2000), argue that when restructuring is motivated by the prospect of cost reduction at the expense of labour, in the hope that capital and in this case government can capture the saving, the outcomes are often uncertain and indeterminate for labour as well as capital. As such, according to Froud et al (2000) labour is affected in several ways by restructuring; directly and immediately, through the labour market, as some workers

lose while other survivors retain jobs and may even claim pay rises. Therefore, indirectly, labour may gain through the capital market in the form of capitalism, due to some workers having a dual identity as worker/shareholders whose pensions, endowments and other savings are invested in the capital market Boyer (2000). This research sought to find out if the same was happening in South Africa's EDI restructuring.

Authors described the South African programme as remarkable by most measures as prior to 1990, less than a third of the population had had access to electricity Bekker, Eberhard, Gaunt and Marquard (2008). Indeed the demise of the apartheid system and the election of a democratically elected government in 1994 are seen as the main reason for the policy and institutional shifts which have underpinned the electrification programme.

However, apart from the challenges, the electricity supply industry had been involved in a programme to electrify rural white farmhouses since the 1940s but the main barriers to widen the access to electricity in the late 1980s were institutional and political Bekker et al (2008). Therefore in this regard, the current government's perception in relation to its stated objectives and in the context of the implementation approach for a restructured EDI needs also to be critically evaluated by organised labour.

2.5 EDI Restructuring: Current Research

Pape (2001) highlighted three problems in the electricity service; the question of aging infrastructure, the issue of amalgamating departments and thirdly the problem of providing access. Additional challenges are the implementation of free basic electricity, illegal connections and the enforcement of cost recovery measurers. Pape put forward it is difficult as with many other strategies which are in proposal stage to assess the REDs in depth.

During 1994 there were frequent lurches towards privatisation and extensive use of outsourcing. The word according to Pape is not used, the details are not negotiated, but whenever the chance presents itself, authorities take decisive, unpublicised steps towards

privatisation. Pape calls this approach “privatisation by stealth”. Restructuring started in 1996-7 in Cape Town when some thirty-nine local authorities were amalgamated into seven and finally merged and completed into one Metro City in December 2000. With many other strategies which are at the proposal stage, it is difficult to assess the REDs in depth.

The introduction of private sector partners into the REDs will almost certainly lead to job-losses. With regards to jobs and employment conditions he argues, any form of REDs will have major implications. Both trade unions and Eskom put forward that section 197 processes as per the requirements of the Labaour Relations Act 66 of 1995 (LRA) would be followed. In addition, agreement has been reached among stakeholders in the EDI restructuring negotiations that job-security will be guaranteed for an additional five years post the transitional period.

However, the majority stakeholders such as organised unions remain sceptical about the overall sustainability of these REDs. Pape argues that the setting up of REDs is likely o involve considerable horse trading. There seems to be no certainty that the interests of labour will be given priority in such a bargaining process. Moreover, the emergence of the REDs will raise the issue of the role of municipalities in the electricity distribution. Clark (2000) points out that the South African electricity industry is on the verge of considerable change.

The distribution is soon to be rationalised, and the government is currently considering ways to introduce some degree of competition into the generation sector. In the context of the South African labour market, Clark presents that with its high unemployment rate, words such as rationalisation, competition and international trends are not usually accepted terminologies as they result in both public and or private entities being down-sized.

According to van der Merwe (2009), the highly-vexed process of restructuring South Africa’s electricity distribution industry was advancing. van der Merwe reports that some

108 out of 187 affected municipalities have signed accession agreements. However, in as much as restructuring of the electricity distribution industry was very much topical at the time, not much has changed since then. The voluntary nature of the restructuring engagement resulted in role-players such as South African Local Government Authority (SALGA) and labour unions at municipalities playing a seemingly subtle resistant role due to certain concerns and interests. Moreover, the lack of a proper regulatory framework prohibited the implementation process hence, the current stagnation in the electricity distribution restructuring negotiations.

Local government according to Trends in Intergovernmental Finances (2000/01-2006/07) is authorised in terms of part B of schedule 4 of the constitution to undertake electricity reticulation. The current arrangements in the EDI are a result of its historical developments. EDI is not homogeneous as it is characterised by small a number of very large distributors and a large number of very small distributors.

The challenge will be to merge the electricity distribution of Eskom and municipalities into the proposed six REDs without adversely affecting municipal finances. However, the restructuring of the EDI will have a significant impact on local government given that electricity makes up about a third of local government activity. Accurate numbers are not known but it is estimated that municipalities raise R21billion as user charges and this may shift to REDs as part of the restructuring effort.

EDI-Holdings was established in 2003 to oversee and manage the transition for a period of up to five years, or so until the REDs are properly established. Pape (2001) argues that regardless of whether REDs are private sector dominated (as proposed by PWC) or function under a national public sector distributor (as proposed by COSATU), the motivating factors behind the Unicity position are; i) to avoid any increased power of the national government and ii) to reduce the chance that Cape Metro will have to assume responsibility for citizens in any or other part of the province or country.

Pape further asserts that the creation of the CMA as a RED is a ring-fencing of the Metro

based on a desire to guard the well-resourced electricity sector of the CMA from poorer parts of the country. In the end according to Pape, if REDs do become a reality, it is highly unlikely that the narrow interests of the Democratic Alliance in marginalising the power of national government will be able to win.

Since the adoption of the EDI Blueprint document in 2001 and the subsequent announcement by the then President Mbeki in his 2004 second State of the nation address that the first RED should be up and running by June 2005 and the overall RED establishment process, namely EDI restructuring, finalised by January 2007, nothing significant has happened.

In fact, as identified by stakeholders in the EDI restructuring negotiations we've seen a lot of subtle power-play, seemingly resistance from local government authorities, no legal framework to operate under and lack of political will and that deadlines merely come and go and the collapse of RED One. This will remain some of the key challenges for organised labour and other stakeholders to content with if not seriousness will be applied.

South Africa's White Paper on Energy Policy indicates that reforms should ultimately result in customers having a choice of supplier. South Africa's working class and poor are already beginning to feel the impact of electricity price increases even though REDs and the build-programme (generation expansion) have only been started. However, it clearly goes without saying that working class consumers and ultimately the poor are going to be the ones who will be forced to pay for the energy efficiency programmes due to "non-investment strategies" from these utilities and government. It is for such reasons amongst others, that the electricity restructuring remains contentious.

Gaunt (2008) raised some of historical reasons as to why the restructuring has or is still under deliberation in South Africa. He takes the restructuring debate further by evaluating the advantages and disadvantages of this project. He puts forward that the advantages in the new structure would reduce the inequality between municipalities that derive revenue from electricity utilities and those that do not. The six REDs would be equal utilities

across the country, thereby "enabling the desired tariff reform to reduce the inequality of having many different distributors with different tariffs" while the consolidation of all distributors into the REDs would avoid having to rescue failing municipal distributors with ad hoc arrangements as they would be built on the strengths of Eskom Distribution.

Gaunt argues that while simplified processes can be adopted in the new structure to respond to the current challenges, even more advantages to the REDs will be the alignment of the various key departments such as DME, Department of Public Enterprises (DPE) and Department of Local Government (DPLG). Despite the advantages of the REDs model however, its many disadvantages are identifiable by internal analysis from experience already gained with RED One and from international comparisons.

The disadvantages are that the current REDs model will be managed and operated by less and skilled people, will compete against each other and maximise profit against at the expense of ordinary working and poor people, government objectives will not be realised, will weaken the revenue of municipalities, not sufficient empirical evidence was presented in testing the model for its reliability, effectiveness, tariffs, sensibility and its general robustness, the current predictions of the REDs that South Africa will have universal access by 2012/14 will not be realised.

In order to respond to these demands we not only need to have skilled people but also a good regulator in order to make the necessary comparisons. Gaunt says that although the then CEO S. Mowzer of RED One described the RED as a success it was clear that it had practically failed to achieve any objectives in respect of staff and asset transfer, rationalisation and efficiency.

This is despite as Gaunt (2005) argues that electricity restructuring had been proposed in many developing countries to improve efficiency. However, as he indicates there are significant differences between electricity distribution in developed and developing countries, particularly with respect to competition and subsidies. International

comparisons would present the research study in a different perspective with regard to whether indeed such 'efficiencies' have been recorded and to what extent. However, EDI-Holdings articulated that there is comprehensive documentation available on the benefits derived from restructuring.

Benefits which include amongst others; better customer focus, greater staff development and focus, better tariff management, improved asset investment and greater economies of scale. Organised labour is in support of international comparisons, the challenge for labour however is to interrogate such benefits in line with international comparisons and best practices.

Gaunt further put forward that electrification programmes in most developed countries were often achieved with subsidy support and that currently due to market conditions further subsidised electrification is no longer required. Gaunt further proposes that rearranging the electricity industry on the basis that it is needed to support electrification and electricity supply to poor households appears to be consistent with social objectives, at least on the surface.

Clearly according to Gaunt, social objectives have political aspects. In this regard, the current subjective analysis towards to restructuring approaches needs to be challenged based on possible flaws in the restructuring process. The issue of cross subsidisation of poor-households is a major issue for organised labour and has been raised by COSATU on numerous occasions. However, to what extent this matter has been concluded still needs to be explored.

According to Hassen (2006) international experiences indicate that deregulation is normally followed by privatisation. He also portrays a pessimistic view of the unfolding electricity restructuring process basically indicating that with the eventual opening up of the electricity industries; private investors would build new generation plants and sell their electricity to state-owned utilities. Governments generally set the stage by establishing market rules/deregulations which results in vertical and horizontal separation

of these utilities. Generation and Distribution divisions of these utilities are normally privatised and sold-off. On the other hand, challenges as a result of these privatisation exercises result in supply shortages as the California experience showed, reduction in the number of employees and trade unions suffering major losses in power as members become fragmented into deregulated markets Hassen (2006).

In addition, for Bekker, Eberhard, Gaunt and Marqaurd (2008), one of the fundamental problems with outcomes of the electrification programme is the availability of data. National data is limited, with no accurate public data on complex phenomena such as disconnections, illegal and informal connections. This, Bekker et al (2008) argue impacts negatively in presenting detailed empirical recommendations for implementation of the EDI objectives. In terms of distribution, the plan to introduce REDs stalled in late 2006, largely due to resistance from local authorities which risked losing significant revenue sources through the buying and reselling of bulk electricity in their municipalities

Public Hearings held on 21-23 June 2006, on the viability of establishing a National Red/7th RED the Portfolio Committee on Minerals and Energy report dated 23 August 2006 highlighted positions about the electricity distribution industry restructuring from participants as follow:

Labour

COSATU supported the 6 wall-to-wall REDs. However, it believed that all the REDs must be under the control of one national holding company to ensure equal distribution of resources all over the country and to allow for cross-subsidisation. Solidarity believed that the National RED can meet the objectives of the government if properly modelled. Amid the concerns from organised labour, federations such as COSATU and FEDUSA participated in order to ensure that workers' working conditions remained safeguarded.

This was based on based on neo-liberal attempts in the name of creating "shareholder value and efficient provision of services" since the 1980s, the past two decades had witnessed a marked shift in the strategic orientation of top managers. This new strategy

had resulted in managers allocating resources and returns away from “retain and invest” and towards “downsize and distribute”.

Thus under this new regime, top managers downsized corporations they controlled, and particular emphasis on cutting the size of the labour force they employed and increase the return on equity Lazonick and O’Sullivan (2000). Records indicate that most corporations and parastatals have been engaged in a process of restructuring their labour forces in ways that have eroded the quantity of jobs that offer stable employment and good pay.

In the case of Eskom, since 1985 tens of thousands of previously stable and well-paid blue-collar jobs have been lost. According to Lazonick and O’Sullivan leading the downsizing of the 1980s and 1990s were many of America’s largest corporations. Moreover, in the South African context, the cost of job-losses to displaced workers has been substantial.

COSATU argues that it is the obligation of government to overcome the ravages of apartheid within the framework of the Reconstruction and Development Programme (RDP) and the Freedom Charter. Thus many in the society today reject this as populism arguing that all we need to do is apply the Washington Consensus to South Africa. This new form of policy making, the federation argues, entails bowing down at the altar of free market fundamentalism, as reflected in the Growth Employment and Redistribution (GEAR) policy which incidentally does not reflect the values of the RDP and the Freedom Charter MindShift (2005).

Froud et al (2000) argue that restructuring which leads to loss of employment reinforces the inequalities of late capitalism as it requires some workers to negotiate the transition to a new job or exit the labour market. Moreover, as for the casualties of restructuring, their loss depends on their prospects of employment, which obviously vary according to the identity of the worker in terms of age, gender, skills and mobility, as well as on the regional context and macro-economic environment.

In conclusion Froud et al present that restructuring is an attempt to meet the expectations of the capital market which often disappoints because it is not easy to escape the constraints of captivity and product market. Secondly restructuring works directly for capital and against labour because attempts to increase returns to capital are usually at the expense of the internal workforce. This according to Froud et al is especially when organic growth falters and the immediate impact is negative. The overall outcome for labour is then uncertain in a world of complex linkages and a variable macro context.

Business

In general business is happy with any model provided large customers are exempted from buying from the REDs, i.e. key industrial customers should buy electricity directly from Eskom Transmission and are serviced by Eskom. This is mainly for safety (mining houses), pricing and good quality of supply and service (productivity and competitiveness in export markets).

This scenario seems to be cost effective for business and sustainable supply from Eskom. However, it further seems that not much security of supply is expected from the REDs hence the insistence by business to remain with Eskom. Currently customers consuming more than 100 Gwh per annum can buy at wholesale price. In this regard, the Metros argue that key industrial customers within their jurisdictions should remain within the metro REDs as it means increased future revenue.

SALGA

Local government, represented by SALGA seems to support the establishment of six wall-to-wall REDs while acknowledging that municipalities cannot be treated the same. They do therefore recognise the need for cross-subsidisation and support the six wall-to-wall REDs including clustering. If the decision is to go the National and Metro REDs route, SALGA supports the concept of Sub-Regional REDs as favoured by the above secondary municipalities. SALGA therefore supports the governance of the REDs under the municipal entities.

Eskom

In the Eskom presentation, the argument in favour of the National RED/7th RED was emphasised and made clear but the Committee felt that the national objectives outlined were achievable through the Six RED Model.

Other organizations

Organizations such as Amalgamated Municipal and Electricity Union (AMEU) and the National Electricity Regulator of South Africa (NERSA) believe that the 6 wall-to-wall REDs were properly modelled and there is justification for the demarcation. They emphasize that the EDI is sustainable on its own and does not need external financial support therefore the restructuring should ensure that balance is maintained.

They also believe that the REDs as Public Entities will be easily regulated by NERSA while the existing National Cross-subsidisation Framework could be maintained to help uplifting rural areas, as part of the objectives of EDI restructuring, without much fiscal support. They however believe that the National RED will not be viable and will create challenges of financial viability, sustainability and management going forward.

Spalding-Fecher and Matibe put forward that developing policies and strategies to address the external impacts must be seen in the context of the restructuring of the electricity industry, which will influence the political, economic and technical scope for intervention.

Part of this research seeks to begin to try to breakdown the current stereotypical analysis of restructuring particularly in South Africa which is normally to the exclusion of organised labour. The main aim of this research study is to have an understanding about organised workers' concerns, their expectations and possibly their vulnerabilities as experienced during the current electricity distribution restructuring processes.

It is therefore hoped that this study will provide some perspectives about their main concerns, especially in the face of the onslaught from neo-liberal trans-national

corporations and developed nations by way of forcing developing countries to free-up their markets and commons, such as water, electricity, transportation, etc.

2.6 Role of organised labour in SA: A transformative process during the 1980s and 1990s

Electricity restructuring in the distribution sector is but one of the challenges faced by organised labour. Labour under both apartheid and the neo-liberal onslaught since the late 1980s created cumulative pressure on workers. It is widely accepted that South Africa's union movement played a critical role in the struggle against apartheid and class oppression. This is because the labour mobilization of the 1970s and 1980s took the character of social movement unionism Webster (1998) and Seidman (1994) in which trade unions confronted both employers and the state as they grew in power despite repressive tactics.

According to De Villiers and Anstey (2000) the South African liberation started in the form of the 1979 labour reforms following the Wiehahn Commission's recommendations. Moreover importantly, what would be its impact be on organised labour under already challenging global economic conditions? This research sought answers to such questions. As such South Africa's labour movement was initially cautious due to fear that they would be overwhelmed by political interests and attract increased state repression which would threaten both their identity and their very survival.

So, during the 1970s and 1980s working people built their unions into a powerful fighting force. Unions succeeded in improving the material conditions of their members while simultaneously taking on the apartheid state. They were pivotal in keeping the flag of freedom flying and became a symbol of anti-apartheid resistance, especially in the late 1980s when other components of the mass democratic movement were heavily suppressed.

According to De Villiers and Anstey after some ambiguity in the 1980s, COSATU

entered an alliance with the ANC and SACP towards the democratic elections which was required in the 1990s. As a result COSATU's efforts assisted in ensuring an overwhelming electoral victory for the ANC. In short the union movement played a key role before and during the transition period Baskin, J. (2000). According to De Villiers and Anstey more recently, considerable progress has been made in shaping a social pact incorporating business and organised labour.

While COSATU has indicated that it does not seek to destabilize the new government or the ongoing transition, neither has it shied away from tackling government on labour-and even broader issues. However, NEDLAC embodying South Africa's pacting aspirations would perhaps do well to consider lessons of foreign experiences. In order to live up to its achievement and mandate organised labour will have to prove its resilience in the face of possibly disillusioned constituencies in future and diminished capacity for grassroots influence.

According to Dicks (2008), the emergence of the electricity crisis in South Africa at the beginning of 2008, literally plunged the country into a cataclysmic paralysis. Dicks argues that the crisis was primarily as a result of poor planning and investment at a time when South-Africa continue to believe that it could produce surplus electricity as in the 1980s and 1990s. In 1998 the White Paper on Energy acknowledged already that if government fails to invest in electricity infrastructure, the current electricity demand with future gross domestic product (GDP) growth would outstrip electricity supply by 2007.

In addition the NUM was at pains to explain the consistent efforts by organised labour since the late 1990s in warning government about an impending electricity crisis. Warnings about serious investment in the infrastructure development, human resource development and technology were unfortunately not heeded. Dick's further asserts that organised labour was critical towards government due to the lack of investment which resulted in a shortage of electricity as experienced with a number of "black-outs, load-shedding and rationing during the latter part of 2008 and early 2009. Moreover, the lack of political will, driven by a neo-liberal agenda in the late 1990s, now requires investment

in electricity infrastructure in excess of R340bn to meet the future demand.

2.7 The influence of neo-liberal ideology

These proposals for unbundling the electricity industry are part of the nucleus of the so-called "Washington Consensus", a term coined by John Williamson in 1990, 1997 to refer to a set of policy reforms imposed when debtor countries in Latin America were called on to "set their houses in order" and "submit strong conditionality" Peet (2003).

However, according to Williamson in Peet this set of "policy instruments" took a more aggressive and conservative yet liberal global perspective when the economic position Washington concurred on in setting policy for the rest of the world (but did not necessarily follow itself) could be summarised as "prudent macro-economic policies, outward orientation, and free market capitalism".

Martinez and Garcia (2000) describes "neo-liberalism" as a set of economic policies that have become wide spread during the last twenty five years or so. Although the word is hardly heard in the United States, one can clearly see the effects of neo-liberalism as the rich grow richer and the poor grow poorer. Martinez and Garcia identify the main points of neo-liberalism to include; the rule of the market (no government interference), cutting public expenditure for social services (education or health care or reducing the safety net for the poor), privatisation (sell state owned enterprises, goods and services to private investors) and eliminating the concept of "community" and replacing it with "individual responsibility" (pressuring the poorest people in a society to find solutions to their lack of health care, education and social security all by themselves...then blame them, if they fail, as "lazy").

Neo-liberal reforms at the parastatal Eskom had begun in the 1980s. Since the aggressive implementation of neo-liberal policies during the 1980s, although neo-liberalism came to South Africa started relatively late, but it was implemented rapidly, with the Ministers of Finance and Trade and Industry committing the country to timeframes that were far

shorter than generally required for the implementation of international trade agreements. Indeed the implementation of fiscal austerity measures as part of the standard requirements of the World Bank and the International Monetary Fund (IMF) have contributed to a slowdown in the delivery of basic services and influenced the state's controversial cost recovery policy Kotze (2003). The challenge for organised labour however, was to push back the negative impacts of such policies at the expense of ordinary working people.

The neo-liberal approach created conditions during which maximum profit was achieved at the expense of workers. Processes such as right-sizing, down-sizing, optimization resulted in workers being institutions such as state owned enterprises and corporations being restructured to create maximum shareholder value. Workers are usually the first casualties in the battle of restructuring exercises and thus retrenched in order to cut labour and even production costs.

According to Yanta (2001), trade unions are generally aware of the potential and opportunities for job creation in their own sectors. Yanta argues that one of the main concerns is whether such prospects really exist in the context of the current macro-economic policies and economic globalisation. It is further presented that both the GEAR and economic globalisation in their current form do not promote large-scale absorption of the labour force. Public sector unions are mainly concerned about the privatisation and outsourcing programmes initiated by government. This was the continued battle field organised labour was confronted with up until the current global economic crisis.

Another example is the public tertiary institutions such as universities where this phenomenon such as restructuring is also taking place. According to Van der Walt, Bolsman, Johnson, and Lindsey (2002) in the context of restructuring or "transformation" of government-subsidised universities institutional survival requires cost cutting in the context of government budget austerity. This they argue is typically done by reducing services and cutting back on staff costs. Van der Walt et al put forward that an increased corporate management style is emerging in many universities and the outsourcing of at

least one support service function. The primary reason for outsourcing was to cut cost. Reasons for advancing outsourcing were the need to make institutions “leaner”, to “do more with less’, to “reduce overheads” and to restructure due to financial considerations”, and a lack of “sufficient resources”. Regardless of the sector, the aim remains the same reducing at all cost and increasing the bottom line.

2.8 Corporatism, is it working

Here, attention will be drawn to theoretical accounts of the origins, the nature and the role of trade unions in the society as well as the factors that influence them. Furthermore this will be followed by a historical overview of trade unions and trade unionism in South Africa during apartheid whereby attention will be drawn to questions such as the political and economic context that shaped and influenced the development of trade unions and trade unionism, the issues that they were confronted with, and the strategies and approaches they adopted to address those issues. This will pave the way for the subsequent discussion and analysis of the changes that trade unions in SA have undergone in the 1990s and 2000s.

Three areas that will receive specific attention are:
- the new institutional framework in which trade unions are operating and in particular the National Economic Development and Labour Council (NEDLAC) which was established as a corporatist structure in 1995 and the negotiation processes within it, especially the post-1994 labour legislation;
- Public sector trade unionism during the post-apartheid period; and
- the tripartite alliance between the Congress of South African Trade Unions (COSATU), the African National Congress (ANC), and the South African Communist Party (SACP). Of particular interest here will be the alliance's impact on the role of COSATU as a workers' representative body during the post-apartheid and neo-liberal globalization era.

However, according to COSATU Central Executive Committee (CEC) (2001), because of its institutional power, NEDLAC must remain the key site for social dialogue.

Furthermore, government and capital are wary of NEDLAC because it gives organised labour specific rights in negotiations. Role-players in this forum do make periodic attempts in shifting to more informal forums such as the Millennium Labour Council and the Presidential Working Group to ensure that these types of engagements reinforce NEDLAC, rather than undermine it.

The federation must however insist that agreements should be finalised only in NEDLAC. The federation at the time acknowledged the inconsistence and even non-existence pertaining to its representation in the key chambers such as Labour Market and Public Finance and Monetary and Trade and Industry.

Baskin (2002) writes that "corporatism" seems to generate more heat than light. Some seem to understand it to mean the state imposing its will on the labour movement. That is control from above is seen as a key feature of "state corporatism", with the experience of fascist Italy or parts of modern-day Asia being obvious examples. Baskin argues that co-operation with capital and state is not always easy for labour, and may conflict with the labour movement's own broader agenda for social change.

Numerous examples in the recent past could attest to different policy positions by partners in the National Economic Development and Labour Council (NEDLAC) where role-players are frequently accused of sending "junior" representatives when key decisions need to be made. However, Baskin argues that the origin of the process in a South African context lies in union demands to be consulted on policy formulation.

Internal debates within national and global federations have raised the issue of corporatism to the extent that parties deliberating around national and trans-national questions such as the restructuring of state-owned enterprises have required labour to play a key role on behalf of its general members. The challenge to be confronted has been whether organised labour's concerns should be drowned out by government (as the main role player and as a single share holder) in the electricity distribution industry and business' interests which are in the main concerned about the bottom line. For labour, it

has first and foremost about saving jobs, securing the social conditions of both workers and their communities followed by other pressing economic challenges. As indicated earlier, labour needs a more strategic, comprehensive and co-ordinated approach of a global scale.

Lawoti (2009) argues that trade union militancy has created problems for industry, business, and the economic sector in Nepal. He argues that increasing inequality in the last three decades suggests that the poor and the working class have not benefited from the expansion of the economy after liberalisation began in the mid 1980s. One way of restraining labour militancy he argues, is to channel the voices of labour into the decision-making process that affects them if democratic corporatism is to be achieved.

Democratic corporatism ensures the representation of different classes in economic governance helps in reaching consensus on economic matters as well as reducing inequality through benefits and welfare Lawoti (2009). Lawoti further explains that a mechanism is developed for leaders of peak labour organisations, business and the state to sit together to decide on economic matters like minimum wage and benefits. Apparently, democratic corporatism is common in non-English speaking democracies like Norway, Sweden, Austria, Denmark, Switzerland, Netherland, Belgium and Germany. However, new democracies like South Africa have also established corporatist like mechanisms in the form of NEDLAC.

Indeed as Maree (1993) observes, there is a remarkably strong corporatist current flowing in South Africa. The major actors such as labour, capital and the state - are so caught up in it that they are hardly aware of the fact that they have become part of the current. As a result there is still a debate going on within labour and left circles about the merits and demerits of entering into social accords which are usually corporatist agreements Callinicos and Vally (1992).

Although there are a number of approaches to corporatism, one that is prominent in its literature and potentially useful in the South African context was formulated by Schmitter

and extended by Cawson (1986). In essence, both perceive contemporary corporatism as, "a process of negotiation and implementation of agreements between actors of state and powerful monopolistic interest organisations whose cooperation is indispensable if desired policies are to be implemented". Maree (1993) further notes that the state is central to the concept of corporatism.

Using the work done by Taylor (1989) of the rise and decline of corporatism in five advanced industrialised countries after WWII, which include Sweden, UK, USA, Japan, and Federal German Republic which at the time only comprised of West Germany, Maree questions whether South Africa, in the context of international experiences could learn from the following key issues:

- **Integration**: where unions via their trade union federations, are accorded the status of governing institutions (in Sweden most closely approximate this approach).
- **Inclusion**: where unions are frequently consulted by government, but are excluded from effective decision-making. Unions strive for integration and though this may be achieved sporadically it is never institutionalised the (Federal German Republic and UK fit this situation). Taylor (1989) further stresses that this 'does not mean there exist in Sweden, Japan or West Germany management-union-government unanimity: bitter conflict remains, but is counter-balanced by recognition of economic vulnerability'
- **Marginalisation**: where unions are confined to the periphery of the political process. This has resulted either from deliberate action by governing elites as in Japan and under Thatcher in Britain, or the dispersal and separation of government power, as in the USA Taylor (1989).

Taylor's conclusion indicates the following two but limited points:
- **Union subordination**: Although unions have access to governmental decision-making and some are even integrated into the policy process, they all find their interests subordinate to that of capital Taylor (1989).
- **Common perception of economy's international vulnerability:** The political system which manages the politics of industrial relations most successfully are not the most

corporatist in structure, but those with a common perception of the economy's international vulnerability. Maree highlights (as identified in Taylor's work) some pitfalls in the context of corporatist aspirations for trade unions to be aware of when signing such agreements at national level:

Pitfalls:

- It leads to the bureaucratisation of trade unions, i.e. they undermine trade union democracy.
- They are implemented at the expense of the working class, i.e. the state and capital benefit, whilst workers have to pay for it with declining real wages, closures etc
- It results in the incorporation of trade unions, i.e. trade unions are demobilised and co-opted into state structures rendering them dependent
- It restores an ailing capitalism rather than transforming it into socialism
- It worsens dualism that exists in the South African working class. The dualism lies between those members of the working class who have employment in the formal sector of the economy and belong to strong trade unions on the one hand, and those who are unemployed or marginalised on the other hand.

The latter group according to Maree may be engaged in the informal sector, but do not belong to strong organisations that can forcefully represent their interests. Social contracts therefore do not bring socialism nearer. On the contrary, by undermining the organisation and self-confidence of workers' organisation, social contracts weaken the main force for socialism Callinicos (1992).

It is hoped that this research project will provide some responses to organised labour's perceptions, especially at the level of rank and file as to these corporatist agendas.

2.9 Conclusion

To what extent would workers' perceptions be able to assist this study will only be answered after the research project. Concepts such as restructuring, commercialisation, commodification, competition, privatisation, liberalisation, skills retention, retrenchments, social accords/corporatism are but some of the challenges which workers,

mainly those who are lowly and unskilled, are confronted with and must try to respond to. Organised labour is now confronted by hired corporate lawyers at company level to assist companies with restructuring programmes. The challenge for organised labour during the EDI restructuring engagements is to be conversant with the concepts and utilise expert assistance with highly technical matters.

2.10 Summary

The focus of the of this literature study was to conduct an analysis of the key issues examined in the research undertaking namely; organised labour's concerns about the restructuring of the electricity distribution industry (EDI) in South Africa. . The chapter also linked the literature with the theoretical frame of the study and also examined the terminologies such as restructuring, neo-liberalism, corporatism. The literature further dealt with energy restructuring, an international perspective, background to the SA electricity industry, EDI restructuring, etc

The next chapter will deal with the methodology employed as employed in this research study.

Chapter Three

Research Methodology

3.1 Introduction

The chapter comprises of fourteen sub-sections. This chapter discusses the research design, the value of research methods employed to explore the research question, the sampling method, research subjects and site, advantages and disadvantages of non-probability sampling, unstructured interviews, advantages and disadvantages of unstructured interviews, literature sources, data analysis, delimitations and limitations of the study, ethics approaches and summary.

3.2 Research Design

Greenstein (2004) describes research design as a plan that outlines the elements of the research and how they are related to each other. It is an overall framework, which consists of a research question, the data needed to answer the question, the methods to be used in collecting the relevant data, and the analytical techniques used in order to allow the data to answer the question.

3.3 The value of qualitative methods

The study adopted a qualitative research methodology as this allowed the researcher to undertake un-structured interviews about the concerns of organised labour with the restructuring of the industry. The purpose of the study was to gain a rich and detailed description of the individual understanding which could only be achieved through the use of qualitative methods Neuman (2000).

Qualitative research emphasizes detailed examinations of cases that arise in the natural flow of social life. A further characteristic of qualitative research is that they usually try to present authentic interpretations that are sensitive to specific social-historical contexts. Neuman further explains that qualitative research method meaning is captured and

discovered once the researcher becomes immersed in the data. Data are in the form of words and images from documents, observations and transcriptions. Qualitative research relies on the informal wisdom that has developed from the experiences of researchers Neuman (2000).

According to Punch (2000) in qualitative research, a multiple case study involves a strategy of setting up certain comparisons. Ethnography and grounded theory are strategies the qualitative researcher might use, and ethno methodology, discourse analysis and life history are others. Qualitative research design according to Punch is generally non-interventionist. de Vaus (2001) asserts that case studies, on the other hand, are often seen as prime examples of qualitative research – which adopts an interpretive approach to data, studies 'things' within their context and considers the subjective meanings that people bring to their situation.

Yin (1993) argues that it is erroneous to equate a particular a particular research design with either quantitative or qualitative methods. He points out that a point; a point of confusion ...has been the unfortunate linking between the case study and certain types of data collection – for example those focussing on qualitative methods, ethnography, or participant observation. People have thought according to Yin that the case study methods required them to embrace these data collection methods...On the contrary the method does not imply any particular data collection – which can be qualitative or quantitative.

Straus and Corbin (1990) suggest that qualitative methods can be used to uncover and understand what lies behind any phenomenon about which little is yet known. It can also give intricate details of phenomena that are difficult to convey with quantitative methods. Unstructured interviews were used as the main research instrument, supplemented by document analysis.

3.4 Sampling

According to Neuman (2000) qualitative researchers tend to use non-probability or non-random samples. The sampling strategy which was used for purposes of this study was the non-probability sampling. This entailed identifying specific groups of people and individuals for investigation. Neuman further asserts qualitative researchers concern is to focus on how the sample or small collection of cases, units, or activities illuminates social life. Informants were identified using this technique because they enabled exploration of a particular aspect based on their expertise related to the EDI restructuring negotiations. According to Greenstein (2004) the sample should reflect the diversity of the specific population from which it is drawn.

3.5 Research subjects and sites

Eleven respondents were interviewed representative of shop-stewards, officials from trade unions, Eskom management, EDI-Holdings who are key in the negotiations of the EDI restructuring and an independent electricity researcher. The study initially intended to include a larger representative number of twenty one respondents, however due to organisational protocol, time-limitations, financial constraints and operational requirements a higher number of respondents was not available to be interviewed.

Table 3.1: A breakdown of the number of respondents interviewed.

Participants	Positions	Number
SAMWU	Shop-steward	1
IMATU	Official	1
SOLIDARITY	Shop-steward	1
NUM	Shop-steward and Official	2
Eskom	Managers	3
UCT	Independent Researcher	1
EDI-Holdings Company	Officials	2
Total		11

Sites visited (**Table 3.1**) were Eskom-Distribution Office Western Region-Bellville Western Cape, National Union of Mineworkers (NUM)-Eskom-Bellville Western Cape and NUM-Head-office Johannesburg, Solidarity-Regional Offices Bellville Western

Cape, Independent Municipal and Allied Trade Union (IMATU) Regional offices Goodwood -Western Cape, South African Municipal Workers Union (SAMWU) Head-office Athlone Western Cape, University of Cape Town (UCT) Rondebosch, Eskom-Head-office Midrand Johannesburg, and the EDI-Holdings Company Head-office (EDI-H Company) Pretoria.

All respondents interviewed acted in their personal capacities and presented individual perspectives. Respondents did not represent their organisations per se. However, reference will be made through-out the research report to such organisations in relation the respondents.

3.6 Advantages of non-probability sampling

This approach of sampling allowed the researcher to exercise a deliberate discretion on who to include, choose a wide range of informants and also to select key informants with access to important sources of knowledge. This is in line with what Greenstein (2004) explains as a method where the researcher uses purposive sampling when the researcher wants to target particular individuals and categories of individuals for investigation.

The identification of key informants was done on the basis of their respective roles as key negotiators in the EDI negotiations as well as knowledge about electricity and restructuring per se. In addition, Morse (1958) postulates that advantages of the sampling method are that it saves money as it is cheaper to collect answers from a broad representation. It saves labour as smaller staff is required for both fieldwork and for tabulating and processing the data. And lastly Moser put forward that non-probability sampling saves time.

3.7 Disadvantages of non-probability sampling

Morse (1958) indicates that it is possible that interviewer bias might give the interviewer

much greater scope to the personal influence than the formal approach. Moreover he argues that there is in the report of an informal interview, "more of the interviewer" than on the standard survey questionnaire, which is another way of saying that the process is not reliable. The researcher tried to be as objective as humanly possible in order to maintain professional ethical standards.

3.8 Unstructured Interviews

The research instrument was based on an open-ended and unstructured interview about the restructuring process in the Electricity Distribution Industry (EDI) with specific reference to the concerns of shop-stewards and officials during the restructuring negotiations. This type of unstructured interview has been used during the research.

During the unstructured interview a clear list of issues is addressed and questions answered. The interviewer allowed the respondents to speak more broadly about the topic being discussed. The researcher's role was to be as unobtrusive as possible, by introducing the theme or topic and then letting the respondent develop his own ideas Greenstein (2003). The researcher used an unstructured questionnaire in the interview.

These unstructured interviews were conducted amongst the respondents. Some social scientists such as Anderson and Arsenault (1998), Colin (2002), Field and Morse (1994) cited by de Vaus et al. (2000) and Greenstein (2003) note that the duration of unstructured interviews needs to be fixed. The study instead focussed on shop-stewards, officials and Eskom and EDI-H's respondents directly involved in the EDI negotiations processes (i.e. administrative workers at the level of none and management levels).

The researcher did not study the entire Eskom head-office or Distribution office or Local government municipal authorities which are not directly linked to the electricity distribution restructuring process. The research also tried to explore the dynamic interactions amongst union shop-stewards and officials based on their subjective analysis about the EDI restructuring process.

Given the nature of this study one could also obtain a sense of how shop stewards' and officials' subjectively experience their work during the impending transition into the soon to be established Regional Electricity Distributors (REDs). According to Anderson and Arsenault (1998), […] most of the interviews should not exceed 40 minutes. Elite interviews, however, can last hours and may even be phased over several sessions. Colin (2002) suggests that an interview should not be less than half an hour because it will make the interview less likely to be valuable.

It should however not be over an hour because it will make unreasonable demands on busy interviewees and it could have an effect on the participation of people. The interviews with the various respondents generally took between one hour and two hours. It is the researcher's observation that the respondents seemed to enjoy engaging with the questions and present individual responses and experiences.

Field and Morse (1994), cited by de Vaus et al. (2002) advised against interviews that go on for more than one hour. Their argument is that short interviews are more effective than long ones. According to Greenstein (2004) interviews may be between twenty minutes and one hour and a half. However, Weiss (1995) says that it is reasonable to expect interviews to go for an hour and a half or two hours unless something has gone wrong, respondents seem to get tired or serious time pressures had arisen after the allocated time. All the interviews conducted with the respondents lasted between one and two hours.

3.9 Advantages of unstructured interviews

Union respondents were comfortable during the interviews based on the fact that the interviewer was known to them. This made the interaction and sharing of information much smoother than expected. There was also a sense that respondents were comfortable with presenting official union, employer and government positions. In order to substantiate certain statements, the interviewer was requested to keep information which was provided and of a confidential nature out of the public domain. Morse (1958)

highlights that unstructured interview methods can "dig deeper" and get more valid data than the formal interview. The importance of this "digging" depends on the questions that are being asked.

Respondents also expressed willingness to assist such research studies in which their responses could help towards their own internal processes, other and future restructuring exercises. Respondents were also eager that copies of such studies be forwarded to them. Moreover, this type of open-ended interview approach assisted in the triangulation of information collated.

In addition, another reason why key informants were identified for their relevance and usefulness to the study was due to their intimacy with both Eskom, municipalities and their general concern about workers well being. Open-ended questions are post-coded (after the results are available, not while the interview takes place), according to a scheme devised beforehand Greenstein (2004).

The advantage of this approach was that the researcher was able to learn and access the different concerns of various people. Given the subjective nature of this study through questionnaires, the researcher also obtained a sense of how organised labour and in this case shop stewards and officials have subjectively experienced their work during the impending transition to the envisaged establishment of REDs.

According to Greenstein (2004) open-ended questions are post-coded (after the results are available, not while the interview takes place). This method also provided the researcher a sense of understanding for the level of confidence and commitment respondents expressed their concerns and possible alternatives but also an ambivalence about the uncertain future for their members and employees generally. This research also exposed the enormous challenges being faced by organised labour.

An added advantage about this qualitative approach of unstructured questionnaires was that it provided a better understanding and possible clarification about respondents' concerns and possible expectations. This method also presented clarification as to why

certain process such as support for the restructuring had been embarked upon and why others, such as pulling out of the restructuring were aborted.

In as much as there was other restructuring models elsewhere, the South African government opted to finally agree to the six REDs model for the country. This approach provided reasons to the researcher for such support and rejection. Greenstein (2004) asserts that the goal of getting detailed and unstructured responses can be achieved more effectively by using the in-depth interview method.

Further advantage of such a method was that even though it was unstructured, questions could be pre-packaged in such a way that they could lead to specific outcomes. This research method provided information and documents which normally would not have been shared or expressed given the circumstances at hand. It was through these interviews that the researcher was able to gain a profound understanding of the concerns of but also possible solutions for the successful outcome of the EDI restructuring project.

3.10 Disadvantages of unstructured questionnaires

The research instrument used impacted on the time and circumstances available and thus dictated how much information could be conveyed by the respondents. Yet, certain answers at times needed further probing which impacted on the remainder of the research. This could not be done based on the limited resources and time available even though e-mail facilities were utilised.

The prospect of a large sampling process of questionnaires would resulted in added workload, analysis and report writing if a large proportion of shop stewards and officials interviewed due to the limited resources and time available. According to Greenstein (2004) open-ended questions introduce an unstructured element that makes the task of coding and analysing the results every cumbersome, and thus they defeat the purpose of using the survey instrument.

Given the current limited resources namely; financial, human as well as the time limitations at the researcher's disposal, a larger sample as originally planned would have done an injustice to the outcome of the research project. Generalisations with limited respondents would not have made the analyses easy as oppose to a larger sampling frame.

Yet, another disadvantage of the method however, is that the subjective experiences of shop stewards and officials from the trade unions can constrain comparisons amongst trade unions. According to Punch (2000) one has a responsibility to support what one says, however support does not require measured evidence. He continues that coherence, plausibility, and utility are quite acceptable in trying to deal with social complexities.

3.11 Literature sources

Secondary data sources covered material such as journals, various pieces of legislation pertaining to the electricity sector, newspapers and magazine articles. The project used documentary secondary data to provide background literature pertaining to the EDI restructuring process and to support the theoretical framework of this study.

These sources helped to generate theoretical material drawn from published and unpublished documents on the restructuring of the electricity distribution industry. Moreover, the sources allowed the researcher to gather records of the project and the stakeholders involved Punch (2000) and Neuman (1997). In addition, internet searches were also utilised extensively to provide additional research material.

3.12 Data Analysis

The research accumulated presented raw material which had to be dissected into narrow and understandable sections. This led to various themes from the responses to be constructed and put into sequential sections. According to Leedy and Ormrod (2001), there is usually no single right way to analyse the data in a qualitative study. The researcher begins with a large body of information and must, through inductive

reasoning, sort and categorise it and gradually boil down to a small set of abstract and underlying themes Leedy and Ormrod (2001). However, qualitative sample sizes tend to be small, with no statistical grounds for guidance Punch (2000).

3.13 Delimitations of the study

The study was limited in its focus on the Western Cape as the electricity restructuring pilot project was first launched there. However, the broader scope and impact of EDI restructuring generally and thus its implications on organised labour have not been limited to matters pertaining to the Western Cape. According to Morse (1958) the geographical delimitation is often the simplest.

The importance of such delimitation is that such exclusions are deliberate and explicit so that the researcher does not delude himself -or his client- that his coverage is wider than in fact it is. As already indicated the research project was limited to the Western Cape based on the decision by Cabinet that RED One would be the pilot project setting the trend for the rest of the country.

3.14 Limitations of the study

The unstructured interviews relied on the triangulation of sources of evidence. It is acknowledged that the different research instruments used had some limitations. In order to minimise the weaknesses, (open-ended-interviews and documents) were utilised to strengthen the limitations pertaining to the research instruments.

It needs to be indicated from the onset that due to time limitations and the nature of the research methods employed, only specific and directed attention was utilised in order come to specific conclusions. The study does not purport to present all the aspects in relation to suggested theoretical frame and thus creating a better understanding of organised labour's concerns. After analysing the data from all interviews and documentation, it became evidently clear that further additional time was required for

further probing.

Moreover, preliminary analysis of issues created a need for more exploration. Unstructured interviews have the reputation of being labour intensive especially where there are likely to be large ambitions and limited resources; a qualitative interview study can stretch on and on Weis (1994).

In addition, due to the distance of the pilot project challenges such as budget limitations were experienced. As no clear information about the available research funds was made available, this impacted on the quality of the outcome. In as much as e-mail and or telephonic interviews could have been conducted, the lack of proper funding created insufficient data collection.

This resulted in follow-up questions and statements which were unclear not being further clarified. However, the researcher had to use limited personal funds to be claimed afterwards. Furthermore, the researcher encountered challenges of analysing and interpreting data emerging from the study into relevant themes.

Distance created a serious limitation for follow-up interviews as the focus of the research was mainly directed towards Western Cape. As already indicated above, a much more comprehensive study could have been done if the necessary financial resources were available.

Better planning and coordination with regard to follow-up interviews could have been organised if the necessary funding was available. Regardless of the challenges faced during this study, all except one key role-player namely SALGA in the EDI restructuring process were interviewed.

Moreover, one of the fundamental problems in research studies such as this, is the lack of outcomes of restructuring projects elsewhere particularly with regards to their impact on organised labour in the form of availability of data. National data is especially limited,

there is no accurate public data on complex phenomena such as disconnections, illegal and informal disconnections in order to strengthen labours' case (Gaunt 2008). This impacted on the results of the study in that it does not allow proper conclusions to be made with regards to concerns as high-lighted by organised labour such as the sustainability of these REDs going forward.

In conclusion it was important to have a balanced view about the EDI restructuring process. However, the researcher was not able to interview one additional respondent from both IMATU and SAMWU due to the fact that interviews conducted were done with lead negotiators in the EDI restructuring negotiations and thus no need for additional interviews was necessary.

Moreover, attempts to interview the National Union of Metalworkers of South Africa (NUMSA), a union operating in the electricity sector failed to materialise. Furthermore, and as indicated an important role-player such as SALGA within the EDI negotiations could not be interviewed and attempts had to be aborted. Such experiences impacted negatively on the outcome of research studies like this and therefore create an unbalanced view. These unions and employer are important stakeholders at local government municipalities.

3.15 Ethics Appraisals

Ethical issues are amongst the most important issues to be taken into account by every researcher. Ethical considerations define what is legitimate and what is not. It is a moral and professional obligation for a researcher to be ethical, even when subjects are not aware of ethics Neuman (1997). Social research, regardless of the research design, should conform to four ethical principles, namely voluntary participation, anonymity and confidentiality, no harm to the participants and informed consent Kimmel (1988) and de Vaus (2001).

The researcher in accordance with the ethical procedure, before conducting the research

ensured that the purpose of the research was explained and that the interviews were conducted following the interviewees' consent. Permission was requested and obtained from the sample population as mentioned above. This was done in order to conduct both interviews as well as to analyse specific documentation of an archival nature relevant for the study's data collection. As no animals and or children were used during and for purposes of this research project, the Ethics Committee was not approached.

3.16 Chapter Summary

The aim of the chapter was to present the research methodology employed in the study. The study used qualitative methods to provide an insight into the concerns of organized labour about the EDI restructuring process. The study was conducted in the Western Cape because the first RED was launched in Cape Town as a pilot project which would have served as a benchmark for other provinces. Additional interviews were also conducted in Gauteng province.

The study also used a combination of thematic and comparative data analysis was used. Thematic data analysis was used to identify themes that emerged from the data. Comparative analysis was used to compare and contrast data from different respondents. Themes were then categorized according to interview questions although not exclusively as there was substantial overlap. It further outlined the research instruments that were utilized in probing key informants such as open-ended/ unstructured questionnaires. Lastly, a list of informants who participated in the study as well as a detailed account of the field research has been included.

Chapter Four

Research Findings and Analysis

4.1 Introduction

This chapter further comprises fourteen sub-sections. It will elaborate on various participants, capacity challenges, relationships among the stakeholders, concerns about the restructuring, unions' satisfactory levels, factors that may delay the end-state, challenges to the EDI restructuring plan, job security, potential impact on broader society, international experience, responses towards neo-liberal agenda, were workers' concerns accommodated, alternatives to be considered and lastly the summary.

The purpose of this chapter is to present, interpret and analyze findings of the research study which was conducted be. It establishes the various perspectives from organized labour, employers as well as government respondents with regards to the concerns with EDI restructuring process in South Africa. Interviews conducted were unstructured with all stakeholders in the EDI restructuring negotiations except NUMSA and SALGA. In addition documents were also analyzed.

4.2 Participants in the restructuring process

The Electricity Distribution Industry (EDI) restructuring process was conceptualized by the South African government during the 1990s. The reason for the restructuring of the industry was to deal with the electricity distribution challenges being experienced by Eskom as well as the SALGA, local government municipalities.

Three types of stakeholder groupings are involved in the EDI restructuring negotiations. These are labour unions, employers and government. The unions are represented by the National Union of Mineworkers (NUM), Solidarity, National Union of Metalworkers of South Africa (NUMSA), Independent Municipal and Allied Trade Union (IMATU) and South African Municipal Workers Union (SAMWU).The government is represented by EDI-Holdings Company (EDI-H). Employers are represented by Eskom and the South African Local Government Authorities (SALGA).

NUM represents a mainly black membership of some 317 000 covering Mining, Energy and Construction industries. Solidarity mainly represents a mainly white membership base of some 130 000 with members in the mining and energy industries. IMATU represents mainly white of some 70 000 in local government while SAMWU represents a mainly black membership base of some 136 000 in local government municipalities.

These trade unions and Eskom acknowledged that civil society was not represented at this level. Some unions did not see the necessity of civil society organizations being part of the process because their organizations are represented in the National Economic Development and Labour Council (NEDLAC). The unions suggested that the government and local authorities should give progress reports at grass roots level.

The negotiations about the electricity distribution restructuring process started in 2000. All parties interested in the EDI restructuring process, presented envisaged proposals about it prior and during the EDI restructuring process. These presentations, based on particular interests, were made to the then Department of Mineral and Energy Affairs (DME) now Department of Energy (DoE) Portfolio Committee for consideration. Parties were composed of trade unions led by their federations, business and independent groupings.

Trade unions led by their federations such as COSATU and Federation of Democratic Unions of South Africa (FEDUSA) played crucial roles in advancing the cause of workers from the start of this negotiation process. Their main thrust was to ensure that the rights and benefits and conditions of their members were protected and broader socio-economic demands met. Presentations from the Congress of South African Trade Unions (COSATU) included matters of socio-economic interest. These socio-economic issues related to the current price of electricity and its impact on the poor, the need for equitable distribution, sustainability, affordability especially for the working class and poor as customers and the general importance of electricity in driving the economy of the country.

The level of participation varied amongst unions and their employers. According to unions in local government negotiations were only at national level. However, it was only with the establishment of the Transitional Labour Relations Structure (TLRS) in 2004 and the Regional Transitional Labour Relations structures (RTLRS') in 2005 that their members became actively involved.

The function of the RTLRS is to consult, implement collective agreements, consider regional specific and relevant issues, continuously update representatives about the implementation process on the EDI restructuring and promote sound relationships amongst parties. Local government unions indicated that although members were informed about the processes they were not really provided an opportunity to engage with matters pertaining to the EDI restructuring.

On the other hand, unions at Eskom reported that their members were involved from the beginning of the restructuring process. Restructuring matters were standing items on their agendas and members were continuously updated by union structures during employer forums. Equally, NUM indicated that they also played a leading role in consistently interacting with all relevant stakeholders such as Solidarity, NUMSA, SAMWU and Eskom.

Relevant government ministries, government officials and Ministers from the four related departments namely; the Department of Public Enterprises (DPE), Department of Mineral and Energy Affairs (DME) [now Department of Energy (DoE)], Department of Provincial and Local Government (DPLG) and the Department of Finance (National Treasury) were also engaged. Meetings with the then President, Thabo Mbeki were also conducted. In addition, trade unions, employers and government undertook international visits to gather information about such restructuring processes.

Therefore, based on the challenges as outlined and the limitation of resources unions' communication approaches remain stretched. This as it may, unions indicated that some efforts had been made to ensure that their members were kept informed about the

restructuring processes, though much more could still be done. In local government, IMATU indicated that SAMWU was more vociferous at national level due to their rejection of the EDI restructuring process on the local front. It is IMATU that led that campaign on the agreements and content.

At Eskom, according to NUM, Solidarity led the communication front due to their skills levels which are a competitive advantage. NUM however, insisted that their members had been better informed through approaches such as meetings, forums and councils. Both these unions however, admitted that information might not have been disseminated to all Eskom distribution operations such as service centers and depots to ensure that all members were informed about EDI restructuring.

According to Eskom opportunity for employees to be informed was created during large scale interventions. Such interventions were used to assist employees to be informed and to discuss matters related to EDI restructuring. Forums and meetings, pamphlets and circulars were utilized to keep employees updated. However, from the beginning of 2008 until the latter part of the same year activities in the restructuring process came to a virtual standstill. Due to a lack of clarity and direction going forward, Eskom decided that all activities related to the EDI restructuring should be suspended until such time a clear way forward had been established.

EDI-H however expressed that not all parties effectively communicated in order to address the gap. Instead, they took it upon themselves to visit and present the necessary EDI restructuring information to all constituencies at all levels.

4.3 Capacity challenges

The EDI restructuring has presented some capacity challenges to unions. Unions in local government indicated that unions' limited resources e.g. manpower, finance, skills, time constraints and others such as research capabilities could not be compared to the employer's and government's. Unions highlighted that there is a need to rely more on

reputable research institutions in providing technical assistance and a more clearer responds. Struggling unions must use their federations. However, unions expressed that they try to do their best under the limited conditions.

In addition, the release of members and shop stewards to attend meetings about restructuring remains challenging. Unions in local government highlighted that employers made the release of shop stewards and or members difficult due to operational requirements. For instance, unions at Eskom such as Solidarity indicated that during the initial stages of the restructuring process, unions had requested employers to consider the release of one full-time seconded person per union.

The aim being to assist trade unions to manage and co-ordinate processes as demanded by the EDI negotiations process. However, this request was resisted by employers and ultimately dropped by unions. This, according to unions made issues about gathering mandates which direct the EDI negotiations very challenging. Such impediments according to unions is a result of employers' lack of sensitivity for the challenges as experienced by organized labour but also to entrench employers' and government's power in keeping labour dependent, struggling and ill-equipped.

Other challenges are that unions are learning by doing i.e. as the process progresses but also not utilizing expertise from the International Labour Organization (ILO). In addition, no research papers or reports are being developed which will create future challenges for unions. This according to NUM is something that clearly needs to be avoided by unions tapping into the expertise of research institutions to advance their cause and if possible the need to change union demands depending on the information at hand.

Moreover according to NUM, the EDI-Blue print document was highly technical as it was difficult to understand and not written for common people. Moreover, it was difficult to embrace restructuring as unions were the first to be alerted around matters of job losses.

This is as operations in the REDs will require skilled employees to implement EDI objectives as recommended by PriceWaterHouseCoopers (PWC). All participants indicated that skills development and training are essential. In this regard skilled white based unions at both Eskom and municipalities indicated that their members see the transition as an opportunity. On the other hand, unskilled black based unions are concerned about the skills levels of their members. Moreover, Eskom unions view municipal workers as less skilled.

Indeed unions in local government are of the view that their employer SALGA is not supportive of the establishment of REDs hence the lack of investment in training their employees. SAMWU expressed that training is being done unilaterally and that their employer is displaying a negative lackadaisical attitude. However, all unions accused their employers of not investing in training geared towards skills requirement needs for the REDs. As a result, members are generally ill-prepared and that the employer is not pro-active.

According to Eskom, employees need not be concerned about their skills as they would be transferred as a going concern because all customers, the networks and the billing systems would remain the same. Consequently, Eskom sees training as any other priority and as part of their normal business processes irrespective of the EDI restructuring. According to Eskom too much is being made about skills requirement scarcity as there is a lot of untapped potential out there. This indicates that a serious debate needs to ensue in order to clarify what is meant by skills scarcity in the context of education, training, and even Recognition of Prior Learning (RPL).

According to the independent research institute at UCT, workers would benefit but they need to be trained which is not happening currently. It is suggested that the old training apprenticeships need to be reintroduced to respond to the current shortages. There seems to be lots of talk about training but no actual training is provided. The institute however was critical about putting people in positions where they do not have the required qualifications and or skills. However, optimism was expressed that the country's shortage

would be fixed over a ten year period but only if we start now. However, based on the concerns highlighted by organized labour, this information is not been shared with all the stakeholders effectively impacting negatively of the outcome of the restructuring process.

EDI-H indicated that international bench-marking and a re-look at their current skills base has provided them with a fair idea of what the industry will require in future. Already, there is a drive to build capacity as skills training is already part of the organizational normal process and the organization acknowledges the skills challenge.

4.4 Relationships amongst the various role players

The electricity distribution restructuring process is beginning to take its toll. Relationships between and amongst labour parties have become strained due to process especially at local government level. According to local government unions, unions seem to support each other and their employers depending on which side they are. IMATU indicated that unions seem to support each other and their employer's positions and vice-versa e.g. "Unions in the energy sector are more inclined to support each other and their employer, whereas unions in local government would be more inclined to support each other".

There have been subtle tensions amongst these unions during the restructuring process due to their respective constituent demands. According to SAMWU based on the nature of the negotiations tensions are also being experienced among COSATU trade unions. However, even though there are these relationship challenges, unions have come together and compromised in the interest of their members. There is more cooperation amongst unions at a national level as the case at local levels.

Generally, good relationships exist amongst unions at Eskom even though tensions arise from time to time. For instance, during periods of wage negotiations such tensions are at their peak and only subside when negotiations are finalized. Furthermore, as one union put, it these relationship challenges at times are historical, with some wanting to retain white bias and others fighting for broader socio-economic interests. These however, are

not regarded as major issues which would derail the EDI restructuring negotiations. So while NUM indicated that there is co-operation between Eskom unions, unions at Eskom and local government do not sometimes agree. They accused municipal unions of having hidden agendas and against being part of the restructuring process.

Regardless of the relationship challenges unions regard the EDI restructuring process as important since the security and future of their members are at stake. This concern could enhance the final outcome of the restructuring process. This is as tensions between trade unions and employers remain consistent especially particularly in local government. Though, the current relationship between unions and employers seem to be both cooperative and at times confrontational.

According to SAMWU the relationship with their employer South African Local Government Authorities (SALGA) is "bad" and thus antagonistic. This in turn is impacting negatively on the outcome of the EDI restructuring process. Confrontations during negotiations are thus prolonging the end-results. Furthermore, there is no access to management and HR and IR departments have an iron-fist approach. The employer does not talk to unions instead they send HR and IR representatives to deal with matters on their behalf. Management is also accused of side-lining the unions in that no consultations are taking place together with unilateral implementation of decisions.

According to unions at Eskom, good and cooperative relationships exist between them and their employer even though tensions occur from time to time. Information sharing is sometimes regarded as an obstacle though a manageable one. Eskom however indicated that no tensions were being experienced during the EDI negotiations as there is a common goal between the employer and the trade unions. This goal is to ensure a successful outcome of the EDI restructuring process which would include both union and Eskom's interests so, no power struggles are taking place.

Moreover, while Eskom trade unions and Eskom are working together they do admit that more and better arrangements on the EDI restructuring approach could have been done. For example, more union/Eskom meetings could have been held to assist and clarify

some of issues related to the EDI restructuring process. However, Eskom indicated that it had accepted that there would be areas of disagreement which would need to be managed.

According to EDI-H, the company managing the restructuring process on behalf of government, they want to see the successful implementation and outcome of the EDI process. Moreover, they had realized long before that beyond the mechanical infrastructure such as wires and substations, there would be employees affected by restructuring. As such, they have healthy and constructive relations with organized labour.

The EDI restructuring has also impacted on the relationship between employers and related Ministries. These employers and related ministries, have crucial roles in the restructuring of the electricity distribution industry. However, at this level tensions and relationship challenges are also been experienced. According to Eskom, subtle tensions and power plays have been experienced between Eskom and SALGA. This is due to their own particular and separate interests e.g. the fact that REDs have been declared Public entities as opposed to Municipal entities and those assets of Eskom Distribution could not be transferred to municipalities.

Similarly, subtle tensions and power plays have equally been experienced amongst the four key government departments of DPE, DPLG, DME and National Treasury. This is because all these interest groups during the restructuring process are trying to protect their own justification. According to Eskom these have also resulted from a lack of proper co-ordination and leadership by the process owners. These tensions being experienced and observed amongst the key government departments are negatively impacting and hampering the progress towards EDI restructuring.

Stakeholders in the EDI restructuring negotiations are determined to advance their own particular interests. Interests which are not only about safeguarding the rights and conditions of members but also that the investments made by national government and

foreign lenders are not compromised. As such, the current EDI restructuring negotiations are not just about the electricity distribution restructuring. Interested parties are expected to make the necessary compromises in order to pursue particular goals. Thus in as much as stakeholders are responding to the EDI restructuring demands they are also ensuring that their specific interests are being pursued.

It would therefore not be possible for the restructuring process to be completed without compromises and a move away from positional approaches. Unions across the board agreed that compromises need to be made in order to achieve the best outcome. Moreover, unions seem to be in agreement that the old way of engagement be it positional and or oppositional no longer applies. According to SAMWU, "there is no need to remain positional". IMATU however indicated that compromises must be based on outcomes to be achieved and not merely for the sake of compromising.

Unions at Eskom such as NUM indicated that as much as possible should be extracted out of the EDI restructuring negotiations based on the compromise approach. According to the union, compromises are part of their culture, given the history of confrontation between employers and trade unions as well as the pre-democratic negotiated processes; but "mandates are after-all from members". EDI-H pointed out, unions should be part of creating history and a future for the country and its citizens.

Furthermore, Solidarity expressed that politics should not play a role but that the business plan should be the rationale. For them it is important that unions should have a collective position and should speak with one voice because splitting the position would not benefit workers and undermine their objectives in the restructuring process.

4.5 Unions' Concerns about restructuring

There seems to be an acknowledgement by all stakeholders in the electricity distribution negotiations that restructuring of industries whether public or private will sometimes present a level of risk. Risks are always perceived as something which might go wrong. Issues such as fear for the unknown, the viability of expected outcomes, evidence of

similar projects which have gone wrong and lastly that insufficient evidence to alleviate such concerns will create such emotions.

The NUM indicated that it is during processes such as the current EDI restructuring that trade unions remain on high alert. Local government unions identified issues such as ownership, viability of the REDs, tariff increases benefiting only a few and future stability of municipalities as possible risk factors.

The current restructuring process has created a number of concerns for all stakeholders. Key for trade unions during the EDI restructuring process is to ensure that job security is maintained. According to unions some of their members might feel that they might have been co-opted, this is due to governments superior influence and role in the EDI process. While IMATU have taken a stance to manage the process as opposed to resisting it.

This is as the restructuring is taking a direction towards privatization which might result in less staffing and even retrenchments, loss of revenue and loss of jobs. Further concerns by municipal unions are that various other meetings have taken place without labour. This according SAMWU create suspicion and a lack of information flow toward organized labour.

In addition, IMATU further indicated that the REDs might not be able to produce the desired objectives as set by government. These objectives are to ensure that electrification targets are met, provide low-cost electricity, facilitate better price equality, improve the financial health of the industry, improve quality service and supply, foster proper co-ordination of operations and investments capital and attract and retain competent employees.

SAMWU high-lighted, that the restructuring process will lead to tariff increases which will be contrary to government's poverty alleviation programs. Competition will become the norm at the expense of the poor and only a few people will benefit. The electricity market will be opened-up.

According to IMATU, even though REDs will be state owned entities, the union however does not belief that these REDs could not be privatized in the long run. The union seems to be skeptical about government's intentions given the current and international restructuring processes elsewhere. There seems to be a distinct possibility that REDs might be privatized in the future.

The majority of the stakeholders in the EDI restructuring negotiations do not see possible benefits for their members post the EDI restructuring process. They were not optimistic about the prospects for employees. In addition, SAMWU expressed that workers would become disgruntled and even more insecure after the restructuring process. This is because only a few people would benefit out of the EDI restructuring process.

IMATU however, indicated a more optimistic view in that members might be pleasantly surprised based on the agreements, the conditions of service (CoS), corporate style of interaction between employers and employees, the management style, democratic way of doing things in the new REDs, as opposed to the bureaucratic processes in local government. Sharp contrasts are identified between unions operating at municipal level.

Unions at Eskom indicated that members might have legitimate concerns about the EDI restructuring process because it was not of their own making. Concern is that some union leaders are now sitting in boardrooms and would sell workers out. Therefore, the concerns whether they still would have a job, taking the bad experience of RED One into account were expressed. Solidarity further explained that the lack of proper information for unions to make informed decisions about the restructuring process had exacerbated and aggravated further insecurity. In addition, employers were not refurbishing and are not investing in both infrastructure and human development.

Though according to the NUM there is a perception that the new REDs management will have to do it, current employers are shifting the issues of investment based on the lack of clarity. Unions constantly compare the negative outcome of RED One with how the

restructuring process is unfolding.

In addition, unions at Eskom pointed out that CoS and other benefits such as productivity bonuses might not necessarily be beneficial for Eskom employees as many of them were already better off compared to municipal workers. In fact according to the NUM, workers from Eskom might have to accept a possible capping of benefits and or salaries. This might be due to the unequal nature of benefit structures between Eskom and local government authorities.

Furthermore, unions at Eskom high-lighted the lack of political decisiveness given the already long lead-time since 2000. To illustrate this, the current political stalemate between the City of Cape Town and National Government is not providing confidence for workers and the broader community, especially the poor who need electricity the most. According to NUM the future viability of the REDs would be at stake if Eskom was to be allowed to transfer conventional and prepaid customers only. Key or large customers such as industry, mining and commerce had to be included in the transfer as they accounted for between 60-80% of Eskom's revenue.

The union suggested that this matter should be resolved prior to the transition to the REDs. In addition, due to the insecurities being experienced during EDI restructuring process, employees located in the identified departments for transfer to the REDs, already indicated their preference to be reallocated to other departments which have not been identified for the REDs.

Unions at Eskom expressed that "touching Eskom and preparing it for competition should not be left to the market" as this would not be in the best interest of the country. Furthermore, they see breaking up the utility into separate smaller companies as not being able to fend off competition but actually preparing and allowing the introduction of competition in future. NUM warned that this large structure would disappear if care was not taken. Moreover, unions at Eskom and municipalities identified the possibility of job-losses, retrenchments and depleted benefits. In their view, the EDI might go in a totally

new direction. And in such an event, “will there be a forum that would negotiate in the interest of workers”.

Eskom sketched employees’ concerns and perceptions as expressed during their large scale interventions (LSI’s) where employees had asked questions such as do they have a choice, what if the restructuring fails, are there not other ways of going about the restructuring process? Could they go back to Eskom if things did not work out as planned? It further indicated that currently it did not know what are going to happen in the REDs as regards for example, CoS, organizational structure and the rest.

It did however indicate that there might be a lot of disparities but that employees might actually not be worse-off. This is because conditions might be better in career paths and job-opportunities as there would be different environments. On the other hand, according to Eskom there would also be the possibility that the REDs would not be able to afford better benefits because of pressure on costs on the Human Resource (HR) side which will be ever present. This would create additional challenges to balance the priorities between much needed people development and investment in technologies.

Moreover, Eskom indicated there remains a lot of uncertainty and lack of decision-making by the process-owners. They expressed that they did not know what would be required in the REDs and that “workers are uncertain about the dark process”. However, according to Eskom regardless of the restructuring process there is a need for generation, investment in the networks and more emphasis on the people stream.

One of Eskom’s respondent’s questioned whether Eskom and government really planned for such a process. In addition they did not know how many of the issues in the REDs would be dealt with in future. As such, whereas the power utility supports the restructuring process, Eskom indicated that the EDI process seemed disjointed and all the role-players not on the same wave length. This was evident in that dead-lines come and go.

According to Eskom, based on the current challenges such as electricity shortages, economic crisis and the pressure on its ability to borrow funding being experienced by the utility, it was now more inward looking. This being the case, Eskom expressed that EDI matters were no longer high-profile and that it is more concerned with its internal matters. It further indicated that the political leadership lost a window of opportunity with the EDI restructuring project as global economic events overtook the current EDI restructuring negotiations.

More planning should have been done and the legislative processes taken care of. Therefore, Eskom had taken a decision based on the lack of political and clear direction with regards to the restructuring process that all activities relating to the restructuring process would be suspended until such time a clear way forward had been presented.

In view of this, Eskom indicated the possibility that REDs might fail as it would be more profit driven and the objectives of government would not be delivered. Moreover, non-core departments such as support services which might be sacrificed, no national standards and employees might have a complete culture shock. In addition, an independent research institution further indicated what if REDs did not work and if the accounting systems fail, then electricity systems would also not work. These risks according to the researcher are high and would result in a large part of the economy going bankrupt or failing completely.

EDI-H highlighted that while mergers, acquisitions or restructuring do have risks these cannot be addressed in isolation. Instead they should form an integral part of the holistic risk management discussion. Moreover, the EDI-H is of the view that there is a need to create a different kind of organization in the REDs, a kind of branding which employees would be proud of and be associated with. Such an organization according to EDI-H would attract and retain the best brains around and would work with immediate communities to ensure a healthy work environment. However, regardless of the current global economic conditions, the long lead time and the legislative challenges, EDI-H remains supporting the current direction and confirmed that the direction is the prudent

option for SA.

In as much as SALGA as a key role-player in the EDI restructuring could not be located for its comments and possible concerns about the restructuring process, it is important to present its latest position on the restructuring as resolved at a meeting held on the 11th of June 2009 in Buffalo City, Johannesburg as follows:

* to reaffirm the commitment of local government to the electricity industry restructuring leading to the establishment of 6 Regional Electricity Distributors (REDs);
* that the preferred option with regards to the process of establishing the REDs should be that of establishing them directly rather than via a `Consolidator' route;
* that local government, through SALGA should participate in the discussions regarding the content of the 17th Constitutional Amendment Bill;
* that a constitutional amendment should not be used as an alternative to negotiating key policy issues inherent to the restructuring process or to force municipalities to participate in the processes without such inherent policy issues being resolved;
* that Municipalities will remain service authorities (albeit with some possible limitations e.g. tariff setting and infrastructure ownership) and the REDs will be service providers; and
that Municipalities will continue to derive income from electricity sales within their areas of jurisdiction.

According to IMATU, SALGA supports the government's initiative to create the six REDs but is opposed to the EDI proposal that REDs should be created directly. SALGA is also opposed to the constitutional amendment if it means municipalities are going to be forced into being part of the REDs. Municipalities would remain responsible for the distribution of the electricity albeit that it is provided by the REDs. Municipalities should retain its right to derive income from the service.

Eskom indicated that SALGA supports the direct establishment of the REDs rather than via an interim "consolidator" structure. Municipalities also support the constitutional change but only if their funding issues are dealt with satisfactorily. The UCT researcher

also agrees that SALGA is supportive of the REDs establishment despite some not having agreed with the position. REDs should be established as public entities and not under EDI-Holdings.

The constitutional amendment needs to be approved before the REDs could be established. Municipalities are trying to protect their interest. “If they lose their important source of revenue, I expect all local government will collapse spectacularly”. It is clear from these responses that there remains ambiguity in SALGA’s resolution despite cabinet’s last decision. This would mean that if a political solution is not found, a long and protracted legal battle is to be expected.

4.6 Unions’ satisfactory Indicators

There is acknowledgment by all unions however, that not all their members would be satisfied unless certain conditions are met. IMATU indicated that from a national perspective, not enough was being done to challenge government about key concerns although members are satisfied at a local level. There is acknowledgement that the two positions with regard to their national perspective and members’ satisfaction need to be managed and even reconciled as it is not wise to remain outside and criticize. Union members according to SAMWU are however supportive of the union’s expertise.

According to NUM, members have accepted restructuring but a lot of expectations remain to provide assurance that minimal job losses occur and thus “manage the necessary evil”. Furthermore, the union acknowledged that mandates emanate from members and the union to proceed from there. In addition Solidarity however indicated that part of the dissatisfaction is that the process is taking too long and members are generally starting to loose focus and interest in the EDI restructuring process.

Generally however, unions indicated that their members are satisfied as shown in **Table 4.1** below. The table indicates the perceptions about the level of satisfaction as experienced by trade unions during the restructuring negotiations on a scale of 1 to 10, where 1 is poor, 5 is good and 10 is excellent.

Table 4.1: Indication of the levels of satisfaction by trade unions in the EDI restructuring negotiations

Satisfied about their union	NUM-7	Solidarity-5	IMATU-8	SAMWU-5	Ave=6.20
Satisfied about their employers:	NUM-5	Solidarity-7	IMATU-5	SAMWU-2	Ave=4.75
Satisfied about the government	NUM-5	Solidarity-7	IMATU-9,5	SAMWU-5	Ave=6.62
Overall satisfactory levels					Total Ave=5.85

According to the table unions are generally supportive of the restructuring process as their members remain satisfied and accept the direction and role played by the unions. NUM on the other hand pointed out that it is about how workers are being approached which had created this level of satisfaction. The overall average among trade unions is 5.85 which represent a satisfaction which is marginally above good. Such indication could also mean that in the event that union members are not satisfied about future developments, the trend could be reversed into the negative. It is not clear at this stage if organized labour, employers and government are prepared for such an eventuality.

4.7 Factors that might delay the end-state

Participants engaged in the EDI negotiations anticipate a successful restructuring outcome. However all interested groupings have highlighted a number of factors that might delay the end-state. Local Government unions have a number of reservations about the restructuring which effectively centers at the way government is dealing with the restructuring process as regards its viability amongst other issues. In addition, they are also disgruntled by the restructuring because of anticipated jobs-losses and electricity

services which are already being outsourced.

However, these municipal unions do acknowledge that local government authorities are governed by statute in accordance with the Municipal Systems Act (MSA). This act authorizes municipalities after section 78 assessments, to outsource services such as electricity. Unions at municipal level declared disputes about unilateral decision making and implementation, the challenge for unions however is would they be supportive of the transfer to REDs if the required processes are followed.

Furthermore, poor people will not be subsidized as the restructuring process will make electricity expensive. South Africa's constitution describes that electricity reticulation as a local government function. However, the fact that electricity services will be transferred to the REDs would make municipal authorities financially weak. REDs have been declared Public Entities as opposed to Municipal Entities and will thus operate outside the control of local government hence the seemingly implicit resistance from local government not to support the EDI restructuring process.

Unions at Eskom support the restructuring though they indicated that it would need a lot of financial support and expertise. According to them, it will be good for the country in that a more coordinated approach towards electricity distribution and a standardized pricing system for all would be used. Furthermore, EDI restructuring is about ensuring universal access and sustainable electricity to all particularly the poor. Lastly it would also be less complicated because the REDs would then have the responsibility to distribute electricity. At the moment, Eskom and municipalities are distributing electricity in a very uneven and complex manner based on the old apartheid system.

Other concerns as highlighted by unions at Eskom are that union leaders as well as members do not know what the end state will be. Moreover, that the restructuring process is taking too long. Some members indicated that they are "no longer concerned as they are waiting for their retirement". In order for the process to have a successful outcome, NUM adduced that national government needed to take the process much more seriously,

taking the long time span already taken into consideration. Moreover, unions at Eskom acknowledge that the current voluntary nature of the EDI negotiations was problematic as SALGA has the option to participate or not. This situation had created subtle tensions amongst role-players.

Eskom also supports the successful outcome of the restructuring process. The utility indicated that it is about equal distribution to the people and municipalities which are struggling need to be assisted as is currently not the case. All Eskom's distribution regions are therefore taking part but indicated that the EDI restructuring should not proceed as it is dealing with pressing challenges of: capacity in generation (i.e. the current shortages of electricity generation being experienced in the country), the impact of the current credit crunch (i.e. the pressures of the current global economic crisis on their ability to raise credit), their decreasing credit rating (i.e. the utility's poor operational performance has impacted negatively on their international rating score-card) as well cash flow problems based on negative profit results.

Secondly, the timing of such a restructuring project is being questioned. As enunciated by some, there would be benefit in such restructuring but "now is not the time to embark on such a project". The utility took a more cautious approach towards EDI restructuring. Reasons for this approach stems from the lack of proper direction from national government. There is also a lack of coherence in the implementation of the restructuring process.

Thirdly, there is a lack of clarity about Eskom's legal standing as a number of suspensive conditions were presented to government. The following conditions were still outstanding: asset valuation and compensation framework, enabling legislation and tax relief provisions. According to Eskom, not much has happened since the "demise" of RED One. In addition the Eskom respondent expressed that "Personally, I would still regard these relevant to any transfer of Eskom's business and would assume that in their absence, Eskom would not be able to transfer assets to another legal entity".

In addition, the independent researcher at the University of Cape Town (UCT) also does

not see the success of the EDI restructuring process. It regards the current REDs model as insufficient. Accordingly, the current approach of the electricity restructuring process is about "ignoring the negative things". There seems to be an element of "we know what we want, come up with the answers as to what we want it to be and ignore the rest". Furthermore, the institute discounted the notion that serious empirical evidence was used in the formulation and implementation of such a complex project.

Lastly, the institute is of the opinion that the current REDs model would not be the appropriate model. Issues such as capital intensity, skills of workers, quality of management, types of customers, efficiency measures, and economies of scale in relation to large and small utilities need to be understood which, is not currently the case. The matter of subsidies also needs to take prominence if the electrification program and the poor are to be assisted.

The issue of politics should be disregarded as it limits the possibilities for a successful outcome. The current REDs model and even other models will not remove the fear or uncertainty which workers might have. What is important though is that these models should be tested as to their robustness.

4.8 Challenges to the EDI-Restructuring Plan

The objectives for the distribution industry can only be realized if a comprehensive EDI-restructuring plan is to be in place. However, a number of challenges have been encountered since the adoption of the EDI-Blue Print Document in 2001. All participants except EDI-Holdings remain skeptical about the plan and indicated that it is not well managed and coordinated since its adoption. According to Eskom even though there is a plan, a number of different cabinet decisions were taken along the way. On 14th Sept 2005, cabinet decided that six Metro Reds and one National RED be established, and then on 25th of Oct 2006, cabinet approved six wall to wall REDs.

On addition, its implementation seems to be resisted by SALGA and unions at local government. All trade unions and Eskom referred to the bad experience which led to the

decision to wind-up RED One pilot project in the Western Cape in December 2007. This, the NUM indicated is not good for the image of the industry especially those who need electricity the most. According to SAMWU, unions including NEDLAC are not being provided detailed information and are being brought on board at the tail-end.

Much as stakeholders agree that there is a comprehensive EDI restructuring plan, they were not in any position to express a dead-line for the completion of such a process. They however suggested possible time-lines for the project which ranged from between 2010 and 2018. Regardless of the predictions, no respondent saw the finalization of the end-state within the foreseeable future.

Local government unions indicated that a much more focused approach is required and without government's intervention at a national level the process will remain challenging. As such, unions at Eskom support the constitutional amendment 17th Amendment Bill 2009, which seeks to vest national government with new powers to intervene at local government level. They alleged that municipal unions and SALGA are "merely pushing for time based on their own insecurities and own agendas". The current 17th Amendment bill will not only force SALGA to participate, but also shorten the implementation process towards the realization of the end-state.

One union also indicated that the current process has already been sabotaged by the fact that some role-players are not willing to proceed due to their own agendas. They acknowledge that there will not be a quick fix. According to Solidarity, the process could take a number of years. The participation on the part of local government remains voluntary and could effect the completion date unless national government intervened. Regardless of the voluntary nature of the process unions at Eskom are still in support of the EDI restructuring process.

According to Eskom, "it is not good to participate in regional meetings when national matters have not yet been resolved". Currently, there are no hard and fast views about envisaged end-state because of past experiences e.g. different ministries seem to protect

their own justifications and the bad experience of RED One in the Western Cape. Secondly, deadlines for the restructuring process remain fluid. Eskom indicated that in meeting the objectives of the EDI-restructuring, the political landscape provincially and or nationally will also need to be considered.

Uncertainty however, remains as to whether national government is reviewing the current mandate about the restructuring process or not. It is suggested that "unless leaders are not emphatic about decisions, processes will be overtaken by other events". Thus according to Eskom, all factors should be taken into account in responding to the challenges during the EDI restructuring process. The current 17th Amendment Bill is perceived to be as a very political issue.

EDI-H equally indicated that the envisaged end-state date still needs to be confirmed but that under the DoE, an Integrated Resource Plan which deals with matters of energy was developed and is currently under review. Working without an end-state date seriously strengthens the concerns from organized labour.

4.9 Job security

Restructuring such as the current EDI process will bring all kinds of insecurities. Unions in local government indicated that if the REDs are going to be managed as private companies, job reductions and even retrenchments might be as a result. In response, unions negotiated a clause which covered employment security post the transition period.

All unions are satisfied with the employment security clause as negotiated. However though SAMWU participated and agreed with such an outcome, they expressed their dissatisfaction about such inclusion due to possible misinterpretation about the intension of the clause during future engagements.

According to IMATU, the current negotiated agreements provide a fair amount of security in addition to the requirements of the LRA. However, while in the short term they are relatively clear but they do not know the longer term consequences about future

developments for the REDs. To this end, parties in the EDI restructuring process negotiated an agreement which guarantees employment security for a period of five years after full integration into the REDs.

Unions according to the NUM, unions are the first to react to challenges of such restructuring. Unions at Eskom indicated that job-security agreements are important as they would create some level of stability in future. Solidarity expressed that it is important to include everybody including those outside the bargaining forum. There therefore seems to be an acceptance that possible job losses might occur and that workers need to be prepared for such an eventuality. As such, the agreements negotiated at national level provided maximum protection. They however expressed that they "cannot trust employers and need to learn from previous negotiations and mistakes".

In view of the above, Eskom confirmed that employees in the lower levels would be transferred as a going concern as per Section 197 notice as required by the LRA and should not feel insecure. If anything, those who should feel in-secure are higher level managers who are expected to re-apply for their positions. The employer further expressed that currently the EDI process is not uppermost in peoples' minds as momentum had been lost. However, only if discussions restarted, would such feelings of insecurity reignite.

EDI-H however expressed that employees within the current distributors (Eskom and Municipalities) have no stated and signed off job security. Meaning there is no guarantee for job security. However, as a gesture of commitment, and to make true the intentions of the EDI Blueprint, which states amongst others that, "The REDs must provide secure employment", they had included a clause in the Placement and Migration collective agreement guaranteeing employment security to employees for a period of five years after full integration.

For the independent research institute, job security for employees in the REDs should not be of concern. This is because firstly, lots of work was being earmarked for Eskom's built-program. Secondly, there would be more work than workers given the current

challenges faced by the industry. Therefore, the current number of employees in both Eskom Distribution and municipalities' electricity departments would not be sufficient for the implementation of objectives as set out by government.

Thus, contrary to concerns by trade unions, labour was set to win whatever the outcome "except the present do nothing approach", where currently no employer was employing, doing maintenance and capital investment. Consequently, perhaps in the next two years Eskom and local government would lose their assets and not be compensated for them as these operations were transferred to the REDs.

4.10 Potential impact on broader society

The EDI restructuring is about transforming the current fragmented electricity distribution dispensation by providing a better electricity distribution service to the people. According to IMATU, the restructuring would provide equal electricity service to the new built-up areas, especially those of previously disadvantaged communities. However, they do not know how differently the current municipal services would be compared to those to be delivered by the REDs. If anything, these local government unions are insistent that the REDS would not provide any much different services as the current municipalities.

Unions at Eskom explained that these REDs would be smaller with a focused approach for service delivery. The current tariff system of more than 200+ tariffs rates will be standardized. In parts of the country some people are still not paying electricity. The issue of illegal connections, the recent and future price increases could however make the implementation process difficult. As much as these are identified as added challenges, the NUM sees the restructuring of the industry as a reason to address such. The restructuring of the distribution industry would broaden the horizon as opposed to the current operations, presenting business and job opportunities according to Solidarity.
In addition Eskom indicated that they also do not know what and how different services REDs would provide as compared with the current. However, according to this employer if it is managed well it should be beneficial in the long term, as long as there is no

competition. Moreover, the utility indicated that there would be less red-tape, bureaucracy and long lead times. In addition, Board decisions would be quicker as they would be less hierarchical and politically expedient. However, for this to happen there needs to be a national structure which would manage and hold these REDs accountable.

Eskom also indicated that carefully considered, if these REDs are to be autonomous and competition is to be allowed, social goals would not be met. In addition, Eskom therefore seems unsupportive of the anticipated competitive nature of the future electricity distribution industry. According to Eskom, there needs to be a central funding approach which would respond to the execution of social objectives as set out by national government. However, to them, employees although key in the realization of national objectives, should be regarded as secondary and the effective delivery of services should become primary, Eskom said.

EDI-H indicated that a stable EDI would contribute to the effective contribution of electricity and would provide investor confidence and job opportunities. Benefits for the country would be better customer focus, greater staff development and focus, better tariff management, improved asset investment and greater economies of scale.

The independent research institute does not however, see the current REDs model providing better benefits to society. It criticizes those spearheading the constitutional change. Moreover, this the research institute argues would weaken the delivery of services by municipalities even further. Only a few are set to benefit from such an EDI restructuring exercise.

However, short term benefits are envisaged in that prices would decrease but would increase overtime due to cost-cutting measures which would have long term consequences. Another benefit is that it would provide opportunities for foreign direct investment which would create jobs. The country needed to be mindful as to how to respond to possible unintended consequences whereby money would leave the country en-masse as the case in Britain.

4.11 International Experience

All role players in the EDI restructuring process indicated that it is important that SA should draw on international experience. However, local government unions expressed that they were beginning to see the same type of international approaches being applied (e.g. the division of the energy sector into separate business units such as generation, transmission and distribution).

For NUM at Eskom, South Africa should remain within the confines of a developing country and prioritize what is required for a developing nation. According to them focus on developed countries' practices and policies (especially labour related) should not be prioritized at the expense of a developing nations such as SA. In addition, South Africa should guard against importing new labour concepts which would be costly to the country and not beneficial to its people. It was suggested that focus should be directed to countries such as Brazil, Chile and others relative to South Africa's conditions.

Eskom however indicated that it would be inappropriate to think that the current REDs model is the only option suitable for the country. There was need to tap into international experiences and yet come up with a South African made product. In addition, the research institution indicated the need to study other models such as those of Sweden, America, France, China, Venezuela etc, but come up with a solution that is tailor-made for South Africa.

EDI-H is of the view that electricity distribution restructuring is not unique or necessarily country specific. In their opinion, international best practices should be adopted which would serve best South African conditions. International countries visited also indicated the challenges of skills shortages.

According to this research institute, South Africa should understand its broader economic demands which include skills, finances, industrial sectors, as well as matters that include service delivery and begin to unravel strategies as to how it would be beneficial for the country. Electricity the institute argued is but one sector which needs attention. The

institute criticized the current REDs proponents for only choosing one model.

The institute instead indicated that in order to make such a decision (i.e. about which model would be the appropriate one), could only be determined if comprehensive empirical analysis was made by experts in economics, sociologists, researchers and various other disciplines. Therefore the current single technocratic application should be substituted in lieu of a more collective approach.

The independent research institute further indicated that questions such as whether the approach be more developmental and less equality or more equality and less developmental would lead to the Zimbabwe situation. Such are critical issues that serious and competent people need to engage with.

4.12 Responses towards a neo-liberal agenda

Unions indicated that the restructuring of the electricity sector and thus EDI in particular are part of a neo-liberal agenda. Consequently, their opposition is generally against such an ideology based experiences in other countries especially developing nations where funding is away from social investment programs and more towards financialization. This neo-liberal approach is also about opening up markets at the expense of developing nations.

In addition the NUM expressed that “when you have a jewel such as Eskom belonging to the people, you cannot allow this company to be prepared for completion and to make a profit”. Under the apartheid government Eskom was not allowed to make a profiteer but to play a social investment role albeit at the expense of the majority.

The NUM therefore believes that federations such as COSATU should not allow privatization. If unions had not been there, companies such as Eskom would have been destroyed by now as they are the ones fighting against privatization and capitalism. The unions indicated that it is not about supporting a capitalist agenda but rather, the most effective thing to do is to allow capitalism to kill itself. For now they will continue to

resist free-market agendas. They however, also agreed that socialist and free-market ideologies could be managed concurrently but might not be the ideal situation.

Unions are compelled to intervene and safeguard members' interests under international capitalist economies. As part of the overall process to protect workers' interests unions such as NUM thus see themselves as watchdogs to fight capitalists. If this is not done, markets would take over and dictate international economic conditions. According to them, government had not listened to the plight of workers at Eskom, yet now they were listening when Eskom was already in a state of crisis.

They further cautioned that the G8 nations such as the USA, Britain and Japan are very much "interested in our resources, we need to be careful". In addition, according to EDI-H workers' interests could be managed and protected under a socialist and capitalist agenda especially in a developmental state like South Africa. However, introducing competition on core and basic services may be undesirable for obvious reasons.

Indeed unions, Eskom and EDI-H are of the opinion that concurrent processes could be managed whereby ideologies such as socialist and free-market could run parallel if managed properly. Countries such as China, Cuba, Venezuela and Bolivia were sighted as examples. Moreover according to IMATU, these two ideologies do not oppose each other.

However, a socialist agenda would only work if a well managed free-market system is in place. As it is, there are already unions that have their own businesses separate from their core organizational responsibilities. Workers' interests could be served under such arrangements as such ideologies are not mutually exclusive.

The independent research institute however highlighted that a pure market or socialist agenda would not work, unless moderated in line with the needs of the poor. If not, the system would rebel against those who are in charge (political leadership) and others (those being perceived as enjoying the benefits, e.g. the middle and upper classes of society) would suffer the consequences.

In Eskom's view ultimately it returns to the perceptions, concerns and insecurities of workers under conditions of free-market agendas of which EDI restructuring is not separate from such ideologies. All this and the concerns from workers must be taken very seriously, or else not be surprised by possible "unintended consequences". Various political interests need to be considered given the country's history.

4.13 Were workers' concerns accommodated?

Electricity restructuring is regarded as important but challenging. Stakeholders agreed that workers will always have fears during such restructuring processes. As such, interest groupings have pointed out that workers fears are justified. Much as unions generally support the EDI restructuring approach, anxiety about the unknown exists. However, unions generally responded that the majority of their concerns had been addressed.

IMATU was amongst those that indicated that concerns and perceptions will always be there. They further indicated that "by moving out of the secured and comfort zones members could be apprehensive about the new animal and public entities and thus be more concerned". Moving to the semi-private entities according to the municipal union might even be prejudicial for their members.

Unions representing white and thus skilled members at both Eskom and municipalities, indicated that their members see the transfer to the REDs as an opportunity whilst unions representing mostly black members were more apprehensive about the transfer based on skills challenges. According to SAMWU, their concerns were not addressed and remained concerned about matters not responded to as identified under the concerns above.

According to unions at Eskom, the concerns will always be about job-losses, that's why they were in the forefront of establishing the TLRS and RTLRS' to respond to the challenges posed by the EDI restructuring process. NUM indicated that "we can never predict the end-state but as a responsible union we need to secure the future of our members". The unions acknowledge that members might see it otherwise. However, the

NUM indicated that the transitional period would not be finalized with the transfer of employees from Eskom Distribution division and municipality electricity departments to the REDs. Unions would still be there post the transition period.

In addition one union at Eskom raised the concern of what would happen to Whites and to a lesser extent to Coloureds and Indians given the current political landscape. The union explained that job reservation for indigenous blacks is becoming increasingly entrenched whilst the impact of government policies such as Employment equity and Affirmative Action on minorities was having a negative impact on whites, especially the youth. As such, future job security in the distribution industry for whites in particular would become a serious challenge.

According to Eskom, people are naturally comfortable with what they have and would understandably fear the future and thus the unknown. Chief being the fear of moving to a new employer, given the fact that the current legacy employers (Eskom and local government) are not in control of the decision-making process but the main shareholder (national government).

Secondly, the fear of the future REDs' viability and the fear from workers that they might need to compete with municipal workers. In addition, the outcome of RED One was viewed as a failure and what would prevent such a disaster from reoccurring. The recent spate of electricity black-outs were identified as possible future challenge for the REDs. It however, cautioned that political leadership needs to prioritize the objectives for the electricity industry. Challenges such as these make employees concerned about the EDI restructuring.

According to EDI-H any process of change especially one this size, would naturally bring with it two major things, fear and expectations. However, some of these are real while some are just unjustified. For EDI-H therefore, it is incumbent upon people in leadership positions, be it in unions or employers to address such fears.

4.14 Alternatives to Restructuring

Based on the specific interests of these stakeholders in the EDI restructuring process, alternative options have been suggested for government to consider. According to municipal unions the country's constitution should guide the electricity restructuring process. Municipalities should remain as they are in line with the country's constitution. Adjustment and improvement in the current management of the operations should be allowed. Extra subsidies should be considered. Lastly, Eskom Distribution should be transferred into the local government operations and the current REDs model should be rejected.

Unions at Eskom such as Solidarity indicated that privatization should be looked at which would present a different dimension from the current Eskom operations as job opportunities might be created. To them, the REDs model is acceptable. Incorporating municipal electricity departments into Eskom Distribution as a phased approach as had been the case with previous (TBVC) homelands such as Transkei, Bophuthatswana, Venda and Ciskei would create one national RED as the case with Eskom Distribution currently and standardize conditions as well as other matters related to electricity distribution.

In addition, the constitutional amendment should be speeded-up. International experiences should also be studied both in developed and developing countries. Eskom indicated that more preparatory work should have been done to avert the current challenges. Options as identified above should be looked into as the current REDs model is insufficient. Municipalities should be incorporated in a phased approach, identifying the weak ones first. This is because everything done till now had been in relation to the EDI Blueprint which is more about nine years old.

The Blueprint needs to be reworked based on its relevance and the current economic environment. The current economic crisis was regarded as a possible timely intervention in disguise, as it should enable key drivers to make sufficient assessments on the way forward. However, EDI-H was of the opinion that the current REDs model is the appropriate one taking the current challenges in the industry into consideration.

The independent institute indicated that the current REDs model is inappropriate and like all other stakeholders indicated that more models should be considered. More investment should be made into local government. However, those municipalities which do not comply must be disciplined in line with the country's constitutional provisions. Current concerns from local government should be considered regardless of which level the decision to restructure the EDI was made.

As indicated the research institution is of the opinion that changing the country's constitution would also not help as it would weaken municipalities even further. It instead suggested that if the option not to restructure is accepted, more resources such as human, capital and finances should be allocated.

However, the 'as is' scenario, meaning remaining with the same current situation should not be regarded as a possible option as it is currently slowly failing. On the issue of skills requirements and development, it was felt by the independent research institute that skilled people and resources should be employed to manage the industry and if they fail, new people should be employed until the process is corrected. This does not however pertain to EDI only but the entire service delivery process. In addition, the institute suggests that government should definitely reconsider its options in order to respond comprehensively towards EDI restructuring challenges.

4.15 Chapter Summary

This chapter represented the findings from the field research and documentation. It offers findings of both an exploratory and a descriptive nature, thus describing what is happening on the ground and the contribution by stakeholders. It is a correlation between the two. This was done by analyzing the raw data as presented and then presenting it in emerging themes. In addition, the chapter presents an analysis of interview material with respondents from organized labour at Eskom and municipalities, Eskom, EDI-Holdings Company and the independent researcher at UCT as well as documentary analysis.

Research instruments such as questionnaires and interviews as identified in the previous chapter, were utilized to measure the extent of labour's impact and their concerns towards the EDI restructuring process.

This study further suggests that organized labour is facing serious challenges during the restructuring process, be it internally relating to capacity or externally relating the influences of neo-liberal concepts. This further includes the dominance or government and employers. Organized labour amidst the challenges being experienced by organized labour, the findings recognized the impacts from a macro-economic neo-liberal perspective within the neo-classical framework.

A range of recommendations were proposed which could be used for a revised Blueprint model pertaining to restructuring in the EDI. Additionally, the social conditions in the country remain a key in labour's quest to oppose such theories. Consequently, all these factors have helped to form organized labour's concerns and contributions about the EDI restructuring.

Chapter Five

Conclusions and Recommendations

5.1 Introduction

The chapter is comprised of seven sections. These are the theoretical discussion, the various themes, and alternatives to restructuring, further recommendations, implications for future studies and the summary. The main purpose of this chapter is to summarize the conclusions and make recommendations based on findings that emerged from themes from this study. In addition, it presents the attempts by organized labour to respond to the challenges faced during the EDI restructuring process. It will also identify the glaring gaps in our knowledge of the EDI restructuring.

5.2 The theoretical discussion

The study attempted to interrogate the concerns about organized labour with EDI restructuring and to analyze the theoretical implications. This would entail the neo-liberal ideology which is underpinned by neo-classical theory. This theory according to neo-classical scholars comprise of owing, selling, and buying. The assumption from neo-classical scholars is that economics are rational, motivated to increase own satisfaction and maximize satisfaction for the greater good. Whilst there is sufficient rejection for a neo-liberal ideology, unions in the sector generally agree that there conditions could be managed and protected under both a neo-liberal and socialist agenda.

Organized labour put forward that such ideologies are not mutually exclusive as pointed to countries such as China, Cuba, Venezuela and Bolivia. While from an internal union perspective a short answer could have been a simple no to neo-liberalism the study tried to get a deeper understanding for such rejection. The study also explores the challenges faced by organized labour within the various themes which looked at issues such as participation, relationships, factors that might delay the restructuring process, etc. as well as externally looking at impacts from a neo-liberal and a corporatist perspective. Here, a closer look is being taken from a corporatist perspective.

From a short-sighted perspective in answering the main question; “What are the concerns of organised labour with the restructuring of the electricity distribution industry in South Africa” the answer could easily have been that the restructuring would not bring the desired objectives.

To conclude the main research question, which was about the concerns of organized labour with the restructuring of the EDI in South Africa, the researcher has tracked the objectives of the study through each of the chapters first before doing so. The study objectives were:

- To explore organized labours' concerns about the EDI restructuring process
- To explore organized labours' involvement during the restructuring process and
- To explore organized labour's concerns with government's neo-liberal restructuring agenda

5.3 Themes

5.3.1 Participation

Conclusion: Since the start of the EDI restructuring negotiations in 2004, stake-holders have engaged with the challenges both collectively and severally. Though organized labour was part of the key participants involved in the restructuring process, government at the time seemed convinced that the restructuring project should and could proceed with or without the participation of organized labour. Organized labour was however forced to participate in the interest of their members.

Negotiations took place at national level but it was only with the establishment of the RTLRS in 2005 that union members at local government level became actively involved. Therefore based on the challenges presented by the restructuring, unions' communication approaches remain stretched.

Activities regarding EDI restructuring came to a virtual standstill due to a lack of clarity and direction going forward. Eskom Executive Committee resolved that all activities relating to the EDI restructuring should be suspended until such a time a clear way forward had been established.

Recommendations: Unions acknowledge the need for compromise in order to achieve the expected outcomes for their members. Overall, participation of organized labour seems to be of a very passive participatory nature and in view of this it is recommended that members should be included if there is to be a more active and progressive engagement amongst all stakeholders. The current top-down approach is weakening organized labour's the participation. Unions need to take responsibility if they are to ensure that their members remain involved in the electricity distribution restructuring process.

Restructuring matters should remain standing items on the agendas and members must be continuously updated by union structures. In order for unions to maintain a competitive advantage, the necessary skills levels need to be enhanced in order for information to be disseminated. Periodic but systematic interventions need to be made to assist members to be informed and discuss matters related to the EDI restructuring. A clear and well-designed roadmap needs to be formulated in order for all participants to remain engaged. All unions need to be vociferous in exploiting union positions by presenting a coordinated approach.

5.3.2 Capacity challenges

Conclusion: Unions experienced capacity challenges during this restructuring process due to limited resources such as manpower, finances, skills, time constraints and research capabilities. Unions with majority black constituencies highlighted the challenges of skills whilst white majority unions were comfortable with the skills of their members.

The release of shop stewards by employers in facilitating mandates remains challenging. Unions highlighted that employers made the release of shop-stewards and other members difficult due to "operational requirements". Moreover, employers refused a request by organized labor to allow the release of one shop steward per trade union to deal with the co-ordination, preparations and general dissemination of information pertaining to EDI restructuring. In addition union respondents indicated that there is no internal development of research papers and technical engagement.

Unions do not see their employers being proactive in investing in areas of training and development as high-lighted in the PWC recommendations. There seems to be a lackluster attitude on the part of employers not to invest in development. Eskom however, indicated that it regards training as part of organizational outputs regardless of the EDI restructuring. Moreover, the utility acknowledges the lack of closer engagement with trade unions during the EDI negotiations.

EDI-H however, indicated that international benchmarking and a re-look at their current skills base has provided them a fair idea of what the industry will require going forward. Unions at local government are of the view that their employer SALGA is not supportive of the establishment of REDs, hence the lack of investment in training their employees. The capacity of unions are seriously stretched and challenged when responding to technical matters but is comfortable in the human resource matters. Responses were mainly based on respondents' feelings.

Recommendations: Both organized labour and employers need to be proactive in determining the requirement needs such as skills, and organizational structure, etc for the envisaged REDs will be. The EDI restructuring is creating a challenging environment for organized labour. In order to respond to such, unions need to invest in the capacity shortages. It is clear under the scenario outlined above, that information is not being shared about what the skills requirements are for the envisaged end-state positions and the general direction of the restructuring process in order for participants to rally behind such objectives. Consequently, unions are learning by doing as the process progresses.

As a result members are generally ill-prepared and the employer is not pro-active. Research reports need to be developed which would minimize future challenges for unions. Unions need to have a more strategic approach, by relying more on reputable research institutions in order to respond to technical issues. Unions need to devote more resources to their negotiators in order to gain the required benefits. Research capability needs to be strengthened. Areas of weaknesses should be identified and the necessary

interventions made to bolster capacity. Unions should be regarded as partners as opposed to stakeholders.

5.3.3 Relationship amongst stakeholders

Conclusion: Relationships between and amongst role-players during this EDI restructuring process remain strained and based on specific interests. Perceptions from local government unions were expressed that Eskom unions seem to support each other and their employers. Subtle tensions were acknowledged but it is being managed.

However, there seems to be a working relationship amongst trade unions and compromises are being forged in the interest of their members. They further agree that politics should not play a role but rather that the business plan should be the rationale. Management is also accused of side-lining unions in that few consultations are taking place as well as unilateral implementation.

Relationships amongst unions at local government and their employer are regarded as antagonistic. However, the relationship between unions at Eskom and the employer itself is regarded as good and cooperative with tensions which can be managed. There seems to be a sense that the key departments such as DPE, DPLG, DoE and National Treasury are also trying to protect their own justifications. Similarly, subtle tensions and power plays have equally been experienced amongst these departments.

In addition, stakeholders seem to be determined to advance their own particular interests. Moreover, these tensions and confrontations are negatively impacting and hampering the progress to be made in the EDI restructuring and thus prolonging the end-state. EDI-H regards the relationship between employers and organized labour as healthy.

Recommendations: Relationship challenges are being experienced amongst all role-players. However, amid the tensions differences have not yet surfaced into the public domain but are being managed. It is important that unions have cooperative relationships with their employers. Employers need to engage unions instead of sending HR and IR

representatives who engage legalistically to deal with matters on their behalf. More union/employer meetings should be held to assist and clarify some of the issues related to the EDI restructuring process.

5.3.4 Concerns about restructuring

Conclusion: One of the primary concerns from organized labour is about job security which should be maintained. However, there is acknowledgement that some members feel that they have been co-opted and used for rubber stamping decisions based on government's superior influence and role. Unions see restructuring taking a direction towards privatization, opening up the electricity market, causing retrenchments and loss of revenue. REDs will not be able to produce the desired objectives as set. Restructuring will lead to tariff increases which will be against government's poverty alleviation program.

Unions indicated that insufficient evidence had been presented by EDI-Holdings to alleviate such concerns. Issues such as ownership, viability, tariffs as well as future stability of the municipalities were identified as concerns and risk factors. The bad experience of the RED One pilot project had not inspired confidence amongst organized labour and the public at large. The lack of information creates challenges for organized labour to make informed decisions and thus exaggerating members' insecurities. The EDI restructuring process has taken too long.

In addition, employers according to unions are not refurbishing, investing in both human and infrastructural development. Trade unions are also accusing employers of an almost lackadaisical attitude. Workers at Eskom may have to take a possible capping of conditions and salaries. The issue of conventional and pre-paid customers being earmarked for the REDs and key/large customers and which are to remain with Eskom needs to be resolved prior to transfer as it might affect the viability of the REDs. Preparing Eskom for competition and leaving it to the market would not be good for the country. There is skepticism amongst some unions about their leaders sitting in boardrooms and selling them out.

The current economic crisis has had a negative impact on the borrowing ability of Eskom and suspending expansion projects concerns unions. EDI is no longer a priority for the utility as it is now focusing on internal requirement needs. There has been a lack of political decisiveness. The current political stalemate between the City of Cape Town and national government is adding to the uncertainty.

There is acknowledgement that more emphasis should have been placed on the people stream. Eskom regards distribution as part of the broader utility which includes generation and transmission and implies that the separation of distribution would create instability. The process seems to be disjointed, as role-players are not on the same wavelength and dead-lines come and go.

Risks seem to be high and a large part of the country's economy could go bankrupt or the REDs might fail completely. People need to be trained and be placed in the right positions. There is need to reintroduce the old apprenticeship system. As indicated above, Eskom took a decision based on a lack of political will and clear direction with regards to the EDI restructuring process, as such, all activities relating to the EDI restructuring process should be suspended until such time a clear way forward is presented.

There seems to be a covert acknowledgement by all role-players that the restructuring project is complex and that no real effort is being made by any one party to engage substantively. Role-players seem to keep information to themselves, thereby weakening the opposition and only divulging it at the appropriate time. Therefore, there is almost general agreement on the part of organized labour that information gathered by employers and government should be shared with labour.

However, organized labour tends to wait for information from employers and or government before making their own recommendations. Lastly, the fact that organized labour does not engage in dedicated research projects in trying to master and present possible alternatives weakens their actual contribution, especially in the technical fields.

Moreover, it does not seem that organized labour will be sufficiently prepared to respond to the current and future challenges they are faced with within the electricity industry.

Recommendations: Unions generally raised a number of concerns however, in order for the end-state to be realized namely, a clear and comprehensive plan needs to be submitted. Many if not all concerns identified need to be resolved in order to have a relatively smooth transition. Space needs to be created for divergent views to be presented. There is acknowledgement that the restructuring of industries whether private or public at times present a level of risk. Furthermore, acquisitions, mergers or restructuring do have risks but they should not be addressed in isolation. Instead they should form part of the holistic risk management discussion.

5.3.5 Unions satisfactory indicators

Conclusion: There is general acknowledgement by organized labour that not all members have been satisfied. However, according to unions their members generally are satisfied and supportive of the direction and expertise with which the union negotiators performed during the EDI restructuring process, even though not all demands were met. Members have accepted restructuring but a lot of expectations remain.

The indicator measurement on a scale of 1 to 10 shows on average unions' satisfactory levels at 5.85. What this seemingly indicates is that depending on the quality of engagement going forward, the workers might either increase or decrease their satisfaction based on the outcome. Part of the dissatisfaction is that the process is taking too long and members are generally starting to lose focus and interest in the EDI restructuring process.

Recommendations: In order to maintain members' satisfaction and support for the EDI restructuring process, members need to be engaged. Sufficient information, direction, capacity to deal with broader, long-term strategic and technical matters will maintain and retain organizational interest. However, such lack would result in insufficient engagement and decisions being adopted.

The challenge though for organized labour is to ensure that their contributions are not merely about being present or window-dressing exercises but about tangible measures being put in place. These measures should go beyond talk-shop processes and the actual delivery of services within a futuristic scenario. Unions need to take precautionary measures in the event that the restructuring negotiations are reversed.

5.3.6 Factors that might delay the end-state

Conclusion: Issues such as a lack of a detailed implementation plan, lack of political will, viability and sustainability of REDs, concerns about job-losses, non-core services being outsourced, electricity reticulation as seen as a local government function according to the SA constitution are identified as factors that might delay the en-state. Restructuring needs a lot of financial support and expertise.

Organized labour and employers do not know what or how the end-state will be. Government needs to take the EDI restructuring process more seriously. The timing of such restructuring is being questioned based on the challenges being experienced such as electricity shortages, the impact of the current economic crisis and the EDI restructuring process. The current REDs model is being regarded as insufficient as not enough empirical evidence was presented to formalize and implement such a complex project.

Recommendations: Outstanding legal matters need to be resolved. The current voluntary nature of the EDI negotiations is problematic as SALGA has the option to participate or not and as such subtle tensions amongst role-players need to be avoided. Proper regulatory frameworks need to be put in place. A detailed plan needs to be endorsed by all role-players.

5.3.7 Challenges of the EDI restructuring Plan

Conclusion: The EDI restructuring plan has not been well managed by the EDI-H Company since its adoption in 2001. Different decisions were taken along the way and implementation seems to be resisted by SALGA and unions at local government level.

Information is not being provided to unions and NEDLAC and as such they are being brought on board at the tail-end.

Role-players are not in a position to provide deadlines for the completion of the EDI restructuring process. Unions indicated timeframes of between 2010 and 2018 however none foresaw the finalization of the end-state within the foreseeable future. There are no hard or fast deadlines. Unions at Eskom support the introduction of the 17th Amendment Bill 2009 which seeks to vest national government with new powers to intervene at local government level.

Moreover, it will force SALGA to participate but also shorten the implementation process. There remains uncertainty as to whether national government is reviewing the mandate about the restructuring process. A number of challenges have been encountered since the adoption of the EDI-Blue Print Document in 2001. All participants except EDI-Holdings remain skeptical about the restructuring plan. The lack of a clear roadmap is postponing actual implementation.

Recommendations: A detailed, transparent and comprehensive restructuring approach (roadmap) needs to be presented and in place in order for the EDI restructuring objectives to be realized. In order to meet the objectives, the political landscape provincially and nationally with regards to the new administrations will also need to be considered. This should include time-frames, responsible people, accountability structures and the necessary legal frameworks.

5.3.8 Job-security

Conclusion: Organized labour regards job security as paramount and in the interest of their members. Key for labour during restructuring processes is securing workers' employment, conditions of service and general benefits. However, there is acknowledgement that restructuring will bring all kinds of insecurities for workers. An employment security clause has been negotiated by all participants during the EDI restructuring negotiations, which guarantees employment for a period of five years after

full integration into the REDs.

Agreements negotiated provide a fair amount of security in addition line with the requirements of the LRA. In addition, there seems to be a need for the inclusion of all employees to be included into such an agreement. Workers need not be concerned as they will be transferred to the REDs as per Section 198 provisions as a "going concern" with all conditions in tact.

However, it will be managers who will be insecure as they will be required to apply for positions. Job-losses will not be a concern as there will be sufficient jobs available based on Eskom's built-program. Retrenchment processes seem to be illogical based on the shortage of skills, expansion program and the general demand for electricity.

Recommendation: The demand for skilled workers as recommended by PWC needs to be engaged. It would be prudent that government re-open the old technical training colleges to increase the ever increasing demand.

5.3.9 Potential impacts on broader society

Conclusion: Part of the aim of the EDI restructuring process is to provide, sustainable and affordable electricity distribution service to society and the poor in particular. Stakeholders are not sure how different the current municipal and Eskom electricity distribution services from the envisaged REDs services will be. Labour regards the REDs as smaller and more focused for service delivery.

Tariff standardization and equal services will be provided. Challenges such as non-payment, illegal electricity connections, consistent tariff increases are seen as reasons for the REDs to address. The restructuring will broaden the current horizon such that business opportunities and job creation prospects might be presented. There will be less red-tape, bureaucracy and long lead-times. Board decisions will be quicker as they will be less hierarchical and politically inexpediency.

Recommendations: If managed properly, the REDs will be beneficial in the long run as long as there is no competition. Moreover, for this to happen, there needs to be a national structure which can manage and hold the REDs accountable. The ability of the REDs to meet national objectives is being questioned if they are to be autonomous and competition allowed. There seems to be no support for the competitive nature of the future electricity distribution industry from both Eskom and organized labour.

Employees should be regarded as secondary even though key in the realization of national objectives and effective delivery of services should become primary. Such a culture should not just be for electricity distribution but also for the entire service delivery value chain. A stable EDI would contribute to the effective contribution of electricity and would provide investor confidence and job opportunities.

Benefits for the country would be better customer focus, greater staff development and focus, better tariff management, improved asset investment and greater economies-of-scale. Another benefit will be investment but the country needs to have an investment strategy going forward.

REDs are also not seen as providing better benefits to society. Instead those who are spearheading constitutional changes are being criticized as it will weaken the service delivery of municipalities even further. However, in the short-term prices will decrease but will over time increase due to cost cutting measures which will have long-term consequences. EDI restructuring is regarded as the provision of better service to society; however the cost-implications need to be determined against a backdrop of affordability.

5.3.10 International Experience

Conclusion: International trends are already being identified such as the restructuring of the energy sector into separate business units such as generation, transmission and distribution. Competition would be introduced as the energy market is being opened-up.

Proponents of restructuring regard EDI restructuring as not necessarily country specific.

Recommendations: International experiences are being encouraged in that both developing and developed nations should be studied. Warnings are that South Africa should remain within the confines of a developing country by prioritizing its developmental requirements. SA should guard against the importation of concepts of a foreign nature which would be costly to the country and not beneficial to its people. It is important that South Africa should draw on international experience.

Focus should be directed toward developing nations such as Brazil, Venezuela and Chilly relative to South African conditions. Countries such as Sweden, US, France, China etc should also be studied but come up with a unique South African solution. International best practices should be adopted which should serve best South African conditions. As it is, international countries visited also indicated the challenges of skills shortages. Possibilities of providing incentives to lure skilled expatriates and other skilled nationalities to South Africa should be considered.

5.3.11 Neo-liberal responses

Conclusion: Unions regard restructuring of the industry as part of the neo-liberal agenda. It's about opening markets, with little government intervention, the free movement of goods and services and less to no funding in social investment programs at the expense of developing nations. Federations such as COSATU will however not allow privatization. Consequently they are fighting privatization and capitalism. State-owned enterprises such as Eskom could have been destroyed if organized labour was not present and resisting any attempts toward free-market agendas.

Recommendations: Eskom should not be allowed to profiteer. The utility should be managed under a non-competitive environment as was the case prior to its conversion as it was allowed to play a social investment role. All unions expressed that workers' interests could be served and safeguarded under a socialist ideology running concurrently with neo-liberal ideologies if managed properly. Such ideologies are regarded as not

mutually exclusive. Countries such as China, Cuba, Venezuela and Bolivia were sighted as examples.

In addition pure market or socialist ideologies would not work, unless moderated in line with the needs of the poor. The state must play an active role in collective bargaining and should stop employers from exploitation. Federations should increase ILO support in its response toward global impacts. Moreover, there needs to be full global coordination and thus the need to move back to the power of the nation state. This will depend on the political and social power of societies and labour movements.

5.3.12 Were workers' concerns accommodated

Conclusion: Having stated the sometimes not so obvious, unions generally responded that the majority of their concerns have been addressed. The transfer of workers to semi-private entities might be prejudicial for their members. Unions representing white and thus skilled members see the transfer as an opportunity whilst mostly black based unions were much more apprehensive about the transfer due to skills challenges.

However, one union remained insistent that their concerns were not addressed. Unions indicated that the future remains unpredictable in relation to the end-state but as responsible unions they needed to secure the future of their members. In addition, fear about what will happen to Whites and to a lesser extent Coloureds and Indians given the current political landscape as also highlighted. People are naturally comfortable with what they have and would fear the future and thus the unknown which is understandable. As one respondent indicated "there is no other way but to proceed".

Recommendations: Organized labour in their quest to safeguard members' working conditions need to break the issue of monopoly within the tri-partheid forum and or NEDLAC. The challenge for organized labour during processes of restructuring is to ensure that those who hold monopoly (political mandate), do not resort in the implementation phase that the tri-apartheid partners are no longer required. Pro-active measurers such as the need to ensure progressive grassroots engagement needs to be put

in place post the transition period to reshape the membership in the event that members might be demoralized. Strategies need to be in place in case goals change as set and as such need to be recalled and reset

5.3.13 Alternatives to restructuring

Recommendations: All stake-holders directly or indirectly suggested that Government needs to consider other alternatives as opposed to the current REDs model. They suggested the following:

- The country's constitution should guide the EDI restructuring process
- Municipalities and Eskom should remain as they are
- Adjustments and improvements in the current management structure at local government level should be allowed
- Extra (additional) subsidies for local government should be considered
- Eskom distribution division should be transferred into local government operations
- The current REDs model should be rejected
- Privatization as an option should be considered
- Other international models should be considered but with an unique South African outcome
- The REDs should be accountable to and managed under a national structure
- The current REDs model is acceptable
- Incorporate the municipal electricity departments into Eskom distribution
- Create one big national RED such as Eskom distribution currently
- Constitutional amendments should be implemented
- Constitutional amendments should not be considered
- No restructuring is required, instead more resources such as skills, human, capital and finance should be allocated
- More preparatory and empirical research should be done
- More focus on the human resource stream
- Liberalization of the electricity market should be rejected and the SOEs such as Eskom should remain in the hands of the state

-Municipalities which do not comply, should be disciplined in line with the constitutional requirements and as a last resort incorporated into other well functioning municipalities
- Current concerns from local government municipalities should be considered regardless at what level the decision to restructure has been made
- The “as is” scenario meaning remain with the same and current situation, should not be considered as it is failing slowly
- The “as is” scenario should be considered
- Eskom should not be allowed to be privatized, to profiteer and to compete but to provide a social investment role
- Eskom should be allowed to be privatized which will result in job creation
- Federations should pursue employment guarantee schemes such as piloted in India but in order to pursue such there need to be political will
- Organized labour should internalize to what extent its structures are informed in response to the introduction of competition in the electricity sector and the claim by proponents of the free-market concept that it will bring efficiency to the industry.

5.4 Further Recommendations

The study showed that organized labour discounted the anticipated improvements in structure and process as a result of EDI restructuring as propounded by policy and decision-makers but instead put forward that it would lead to job-losses, a smaller workforce and much more competition with the end-result in privatization. The neo-classical theory within a neo-liberal context discounted the notion of affordability.

The notion that neo-classical thinkers advance that economics are rational, motivated to increase own satisfaction and maximize satisfaction for the greater good will remain unattainable within the context of unequal developmental requirements. The ANC government with its new found pro-market macro-economic GEAR policy would create the economic conditions for all and sundry which would set the stage for the much anticipated foreign direct investment which hardly materialized. It is time based in the current global economic conditions to pursue other alternatives as suggested by

stakeholder in the EDI restructuring negotiations.

The study found that restructuring of the electricity distribution industry would be realized under conditions of equal shareholding. All stakeholders need to be regarded as "equal partners" which would contribute toward the success of a common objective, this however does not seem to be the case as much lip service is provided. Furthermore, stake-holders in their pursuance toward separate interest need to compromise for the greater good of the country.

Some of the proposals present a self interest and biased preference which would create prolonged challenges under already strenuous conditions. It also found that there is acknowledgement among role-players that electricity cannot be resolved separate from the broader social objectives outside the macro-economic framework. Electricity restructuring should not be regarded as the sector at the expense of other services sectors hence the concern about the constitutional amendment from labour unions at municipalities, their employer SALGA and the independent researcher.

The study further acknowledges the gab among organized labour constituencies and community structures and the importance of an integrated view for restructuring. The study also identifies constraints such as lack of required information by both organized labour and Eskom which criticized EDI-Holdings for such deliberate discrepancy. This they put forward would effectively post-pone the state of readiness for the much anticipated REDs.

It further found that though a corporatist environment is being actively encouraged within the EDI restructuring negotiations, corporatist institutional arrangements have a number of weaknesses. The lack of investment, arm length engagements, perpetuation of power relations to name but a few are being high-lighted as part of the challenges of the NEDLAC approach. However such institutionalized arrangements could be successful if the necessary investment is made and should be utilized to the benefit of all concerned.

Organized labour should be regarded as part of the "solution" rather than part of the "problem". Such hackneyed tendencies need to be broken down. The study also showed the willingness on the part of stakeholders to ensure a successful end-state. Part of the challenge for organized labour as identified by the study is the lack of critical engagement. In this case COSATU, not willing to jeopardize the relationship with the dominant alliance partner at the expense of its members, ordinary working people generally and the poor specifically. Such jeopardy should never arise if the engagement is in the interest of the country.

The recommendations suggest that given the proper investment, be it human, capital and or skills, restructuring in the electricity distribution industry could be realized. The process owners need to be decisive in the implementation and after careful and serious consideration a newly revised blueprint model should be made available for implementation.

All trade unions expressed that in as much as agreements have been negotiated, the future remains uncertain. This uncertainty stems from the government's adoption of neo-liberal economic policies which go against trade union ideological perspectives. Restructuring of any sort would therefore challenge the fundamentals of trade unions. However, there has been acknowledgement (as indicated by IMATU) that all will be done to ensure that conditions and benefits of workers will be safeguarded.

Unions indicated hope for a successful outcome of the EDI restructuring process however in order for the EDI and restructuring processes to be successful strong community and stakeholder representation should be included. This should take the form of an advisory body which would play a neutral role between policy-makers (national government) and implementers (EDI-H Company).

The study revealed that there is not sufficient empirical evidence that a restructured distribution sector will provide better services by the REDs as opposed to the current Eskom and municipal services. The decision to change the industry was more ideological and dogmatic rather than fact. Changing the constitution will not ensure that REDs would

be the vehicle for efficient service instead they will be preoccupied by factors such as tariff rationalization, consolidating infrastructure and managing the integration of a large number of organizational structures on top of the existing barriers such as lack of investment.

The study rather showed there is a need for the industry to remain “as is” Eskom and municipal distributors in line with its constitutional obligations but that the required investment in all areas such as human, capital, technology and training would be essential to provide the required service by responding to the current challenges.

The current pre-occupation with the Western Cape’s “dissolved (RED One)” creates unnecessary credence for its detractors whilst other options could be taken, such as diverting attention toward another region to fast-track the objectives of national government. Based on the complexities of such restructuring project the necessary legislative framework needs to be put in place.

The voluntary nature and the negative and protracted impact it has on the restructuring negotiations should not be confused with the resistance by local government municipalities as they merely seems to confine their existence on short sighted benefits with little regard for the national imperatives.

The study further showed that organized labour needs to be more responsive toward critical assumptions made by government and proponents of free-market ideologies in the interest of both their constituencies who are part of broader society. The role of unions remains important especially during periods of restructuring in order to safeguard the conditions and benefits of their members. Organized labour insisted that they remain significant and are making a difference. Though unions at both Eskom and local -government authority level have different interests and support different positions, they have tried to compromise in the interest of their members. Moreover, unions agree that they look after the best interests of their members and as expressed by SAMWU even though not all concerns have been accommodated.

Global economic and labour market conditions do not present secure environments for employees. As such, unions should strive to negotiate and conclude employment security agreements in the interests of their members. Unions need to acknowledge as they have, that feelings of in-security, fear and concern about the impact of current and future restructuring outcomes will create instability for members due to the unknown. Hence, some members apprehension about the outcome as insufficient evidence has been provided that REDs would be thee vehicles for the implementation of government's objectives, especially in view of the failed attempt of RED One.

On a scale of 1 to 10, the satisfactory indicators presented a general level of satisfaction leveling-off slightly above 5. This suggests that the scale is evenly balanced and sentiment could move either way. However, unions are cautiously optimistic about their members' satisfactory levels and how their negotiators are taking their concerns to heart.

This survey further indicate unions' support and the extent to which the direction the EDI restructuring negotiations are being managed. There also is acknowledgement, as expressed by Solidarity that members' concerns are realistic even though members and employers have not yet experienced the actual transfer to the REDs. Those earmarked for the transfer will only know the extent of the impact post-transfer. Unions however, questioned the possible consequences if they were not there and that optimistic hopes did not materialize.

Decision-making and information processes are located in the EDI-H company on behalf of government. This however creates not only an imbalance amongst all role-players with regards to power relations it also affects the quality of decisions to be made. Information needs to be transparent and shared well in advance if organized labour and to a certain extent employers are to be taken seriously.

Government as the majority shareholder in the EDI restructuring process needs to play a more decisive role which would encompass a much more comprehensive restructuring

plan, given the current challenges in the whole electricity sector. Such an approach should not be about EDI restructuring but must be all encompassing which will include all other service delivery components. However, NUM indicated, despite the perceptions, fears and concerns there is no other way but to proceed.

Clearly, the importance of developing a regulatory framework before commencement of a relatively new program cannot be understated. Extensive consultations with the stakeholders should also take place timeously. During the project planning stage, adequate time and resources should be allocated to research, especially on key determining elements of the project. This research project has demonstrated the importance of smart relationships between the research community, organized labour, business and government as policymakers and implementers, its SOE's such as Eskom and SALGA.

5.5 Implications for the study

The restructuring of the electricity distribution industry resulted in a changed but managed relationship between organized labour, employers and those managing the implementation of the EDI restructuring process. Power-play based on interest issues remains embedded which could become an impediment for realizing the end-state. Concerns from stakeholders highlight that not enough is invested to ensure that empirical evidence is presented that the current REDs model would be the appropriate model.

Government's indecisiveness about its role towards EDI restructuring and the glaring challenges as identified in the research study will become the major contributor of insecurity and reluctance by affected stakeholders. Over-democratizing the challenge would not assist service delivery. Organized labour's concerns should not be read in isolation but within the broader socio-economic and political context.

5.6 Concluding Note

The outcomes of the study demonstrate that there are serious challenges facing role-

players in the restructuring of the distribution industry. However, if the implementation process is managed along a win-win basis, distribution of electricity to those who require it the most should be possible. Electricity, be it generation, transmission and ultimately distribution to the end-user is becoming an expensive commodity.

This is especially as government's objective is to provide, cheap, affordable and sustainable electricity to the poorest of the poor. What difference would the REDs then make to poor people if it is not affordable? What difference would government make if the economic objectives are to pursue a neo-liberal economic policy where the market is liberalized and competition reign, with only the hope that the trickle down effect will be felt by those at the bottom? Lastly, can organized labour play the watchdog role that will include the betterment of society at large as opposed to being characterized as a group of elites interested in security of self?

In recent months South Africans, whether employed or unemployed, rich or poor had come to know about terminologies such as outages, blackouts, load-shedding thus acknowledge that electricity is an important sector which basically drives the economy and which if not cautious, the country might just proceed in the wrong direction. As indicated in the report, the ANC government has an insurmountable challenge to respond to the needs of the poor, therefore, collective engagement resulting in individual accountability needs to be pursued. Organized labour, one of the key components together with employers and government can make EDI restructuring a success if given the opportunity to contribute.

Concerns are influenced by both our internal as well as external environments and thus the need to disaggregate what might happen. We are imperfect human beings. However, all parties engaged in the electricity distribution restructuring recognized and accepted based on man's infallible nature, human beings intrinsic values will always be driven somehow by perception, fears and insecurities about future events, especially when it affects their livelihoods. There seems to be recognition by role-players that members' perceptions were entirely justified though in the absence of facts.

5.7 Chapter Summary

This chapter aimed at weaving the different themes and presents a set of recommendations that should be considered when making decisions about restructuring. It demonstrates how all parties including organized labour should balance their efforts into securing what is the best for the country. This study concludes that electricity restructuring should not be prioritized at the expense of other service delivery initiatives. As highlighted in chapter five restructuring of the EDI should be factored into the broader macro-economic objectives as required by a developmental state.

The study also confirmed based on different interests perspectives that it would impact negatively on the on end-state of the EDI. The study suggests space should be created to ensure that an agreed implementation frame and roadmap is developed for the success of such complex project. The study further concludes the need for professionals such as economists, planners, social-scientists and the like, to be included in the strategic planning and mapping if electricity distribution restructuring is to projected as a success story for other sectors.

There is a need for government or the lead departments such as (DoE) responsible for the restructuring of the EDI to ensure that sufficient resources are invested to ensure sustained public awareness, participation and to contribute towards a better restructured industry.

The question for organized labour within the EDI restructuring process is will electricity eventually to be regarded as a social good or will it qualify as an economic good. Lastly, it poses the question, who will ultimately win, will the electricity distribution restructuring be in the interest of the socialists or the neo-liberalists or to what extent would ordinary workers be it in the sector or elsewhere and the poor in particular ultimately is served? The study concludes that for organized labour it is not about supporting a capitalist agenda but rather ensure that their interests are secured. For now they will continue to resist free-market agendas. The study is inconclusive about a

particular economic system as all organized unions indicated that their interests could be managed under a dual system even though one responded that it is not the ideal situation.

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Appendix 1

RESEARCH QUESTIONAIRE

Introduction: I am a student from the University of the Witwatersrand. I am doing research based on possible perceptions that trade union members/officials might experience during this electricity distribution restructuring process. This interview is voluntary and you can stop me at any point during the interview if you wish to do so. The information that you share with me will be kept confidential and anonymous.

Respondent's name:…….....

Respondent's occupation and job-grade…….....

Date and place…….....

Organised Labour's Perceptions

1. How long were you a shop-steward/official in the union?
2. Would you like to see the success of the restructuring process?
3. Can the union contribute to the success of the restructuring process?
4. Are you in support of the restructuring process?
5. Do you think there is a comprehensive energy plan or at least an EDI restructuring plan?
6. When was the restructuring process to have been started?
7. When was the envisaged end-state for the EDI restructuring process?
8. To what extend were members involved during the restructuring phase?
9. What are the power relations between organised labour and the employers if any?
10. Was there any co-operation between the trade unions in the sector?
11. Are members' perceptions that they being are co-opted during the negotiations process?
12. What was the empirical evidence submitted by organised labour in its pursued to respond to government's drive to restructure the sector?

13. What were the capacity challenges of trade unions during the negotiations?
14. Were trade union members' concerns accommodated?
15. Are members satisfied with the direction and role the trade union is taking?
16. Is the current employment security being tested/ challenged?
17. On a scale of 1 to 10, how secure are members feeling about their trade unions during the restructuring process?
18. On a scale of 1 to 10, how secure are workers feeling about their employers during the restructuring process?
19. On a scale of 1 to 10, how secure are workers feeling about the government with this particular restructuring process?
20. What if possible are other alternatives to be employed?
21. To what extend was social movements, civil societies and other if possible unorganized sectors involved and or co-opted during this process of restructuring and what was the benefit?
22. If provided the opportunity could things have been done differently, and if so what and why?
23. Were sufficient communication methodologies employed to inform the members if not, what could be employed?
24. Comparing with other trade unions, which union led the information campaign?
25. Are members feeling secure going to the new REDs?
26. Should trade unions play a more compromising role as oppose to being positional?
27. Should synergies be consolidated based on the overall objective amongst different trade unions even if strategies and tactics might differ?
28. Should job security agreements be negotiated or should flexibility be incorporated?
29. Are members concerned about the skills levels required in the newly established REDs?
30. Would members at the lower skills levels participate in training programmes if provided with the opportunity?
31. Is the employer providing a targeted training approach based on the anticipated skills requirements in the newly formed REDs?
32. Should other strategies/options be pursued, if so, what?

33. Are workers feeling secure?
34. Should unions play an inter-active role with independent research institutions and if so, what?
35. Is it possible for trade unions to allow free-market processes to run parallel with their socialist agenda?
36. Would the restructuring f the industry provide better working conditions and environment?
37. What are the risks involved in such a restructuring process?
38. Would the restructuring of the industry provide a better service to the general society?
39. Does organised labour have the research capabilities to ensure a successful transition?
40. Is organised labour really making a difference, are its views being accommodated?

Government, Eskom, Local Government and EDI-Holdings

1. How will the restructuring of the Electricity Restructuring Industry (EDI) affect the broader economic demands restore confidence in the general public?
2. To what extend would the Wholesale Electricity Pricing System (WEPS) affect the cross subsidisation approach as demanded by organised labour?
3. How do we learn from current as well as international experience and if so, should other experiences merely be used as dumping grounds for developing countries, Can we (SA) present our own case!
4. What is the relationship between electricity distribution restructuring and the provision of affordable and sustainable electricity?
5. Would there be any benefit in the restructuring of the electricity distribution Industry when a shortage of supply is experienced?
6. What impacts do international trends have in developing countries abilities, taking the shortage of skills into consideration?
7. Is there a serious need for government to undergo this project, or is there a reason for government to reverse the current approach and remain with the ‘as is’ scenario?
8. What was the empirical evidence used by national government in its decision to embark on such a journey relating to:

- Cost benefit analysis/Financial impact assessment
- Constitutional responsibilities and its implications
- Impact on the electrification roll-out programme
- Cost of Social factors (price increases) as already indicated by PWC (Blue Print Document)

9. Would Eskom Distribution division be affected either positively and or negatively if Municipal electricity division were to be incorporated into Eskom?
10. Would other options still be a consideration during this transitional phase?
11. If provided the opportunity could things have been done differently, and if so what and why?
12. What are the power relations between organised labour and the employers if any?
13. Were sufficient communication methodologies employed to inform the members if not, what could be employed?
14. Should job security agreements be negotiated or should flexibility be incorporated?
15. Are members concerned about the skills levels required in the newly established REDs?
16. Would members at the lower and general skills levels participate in training-programmes if provided with the opportunity?
17. Will the issue of cross-subsidisation be prioritised within the free-market arena if so how?
18. Is the employer providing a targeted training approach based on the anticipated skills?
19. Is there a comprehensive energy plan?
20. Is EDI-H in support for Eskom's current price increase not withstanding the economic depression?
21. When is the new envisaged completion date for the EDI restructuring process?
22. Were employees involved in the restructuring discussions and what role did they play?
23. Is it merely members' perceptions that they might feel being co-opted during the process?
24. Why is research not conducted about the needs of trade unions?
25. What role should organised labour ought to play based on the balance of forces?

26. Is it possible for trade unions to balance of even to accommodate social requirements and free-market ideas?
27. Can labour play a more dominant role apart from being characterised as being protectionist?
28. Is it possible for labour to abandon counter-hegemonic in order to accommodate neo-liberal tendencies?
29. Would the restructuring provide better conditions and an environment?
30. What are the risks involved in such a restructuring process?
31. Would the restructuring of the industry provide a better service for the general society?

Appendix 2

List of Interviews

Introduction: A total number of eleven respondents were administered with structured questionnaires (Appendix 1) over a period of just more than two months. The process started on the 19th June and finished on the 26th August 2009.

Personal interviews conducted:

Organised Labour

1. NUM Respondent x 1	Bellville	22 June 2009
2. NUM Respondent x 1	Johannesburg	18 July 2009
3. Solidarity	Bellville	08 July 2009
3. SAMWU Respondent x 1	Athlone	25 June 2009
4. IMATU Respondent x 1	Goodwood	19 June 2009

Business

5. Eskom Respondent x 2	Bellville	26 June 2009
6. Eskom Respondent x 1	Johannesburg	26 August 2009

Government

7. EDI-H Respondent x 2	Pretoria	31 July 2009

Independent Research Institute

8. UCT Respondent x 1	Cape Town	23 June 2009