

JAKARTA WATER PRIVATIZATION: Workers Campaign to Bring Back Water in Public Hands

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April 2007

When first privatized in 1998, PDAM Jakarta (PAM JAYA) (a public water utility owned by the city government) has approximately 3.000 employees. Shortly after the privatization, 2800 of them were seconded to the private concessionaires, Suez and Thames water. Approximately 150 employees were still working for PDAM to supervise the service provided by the private sector.

After a few months of working, seconded employees received a different treatment. Their compensation differs significantly from those working directly for PDAM. To secure their welfare, hundreds of employees (PDAM's direct employee and those to the concessionaires) gathered and formed PDAM JAYA Worker's Union.

The organization has conducted many activities, but mainly are negotiations and protests. Hundreds of members were once fired because they were trying to fight for their welfare. In the court these workers are not proven guilty of doing anything illegal so the concessionaires are forced to take them back to work. But all of these employees are not allowed to work in the field, since it is feared they will influence other workers to fight for their welfare.

Nine years of experiences and fight have crystallized in to one objective of giving back the water delivery service in Jakarta to PDAM JAYA, a company owned by the municipal government.

In 1998 Jakarta's water service provision was privatized for 25 years. The concessionaire are Suez Lyonnaise and RWE-Thames. Surely the take over affect all aspect of water delivery service including the workers.

The companies increased water tariff six times after the privatization, and now Jakarta has automatic tariff increase every six months. Now, the companies do not need any consultation or permission from Jakarta's parliament members and governor to increase water tariff. But there is almost no improvement in the service. There is still 45.3% of water leakage recorded. And they claim to make new connection where in fact they just put new pipes above the old pipes. So the companies are not really making new connections.

Some 2,800 of 3,000 workers were seconded to the private companies without any agreement or contract. After that, the old workers receive different treatment than the new workers recruited directly by the private companies. The condition for seconded

workers is even worse in areas related to working skill improvement, health insurance, salary and allowance, and safety.

The seconded employees do not even have a clear status. PDAM JAYA thinks that these workers are employees of Suez and RWE-Thames, but the two companies still consider them as civil servants under PDAM. As a result, there are big differences between the two models, even if the workers share the same workload and works in the same room. A seconded worker who had been working for 9 years, never receive an allowance raise. The excuse is that the companies are still experiencing some loss due to the difference between water tariff (the amount paid by customers) and water charge (the amount set by the private companies)

Now, the lowest grade of worker is paid only Rp. 4000 (50 cent USD) per day for transportation allowance while this amount can only buy one litre of gasoline. The same amount is also provided for food allowance, while one meal in Jakarta at least cost 1 USD. The companies never increase the worker allowance since the day they took over the water operation in 1998. Until now, the two companies have never paid retirement allowance to the appointed retirement fund.

In general, the payment difference between seconded and direct worker is 2.5 to 5 times. A manager (seconded employee) receives USD 1.200 while direct employees with the same level receive USD 2.700. At a staff level, a seconded employee (who has been working for 10 years) receive USD 160 while a new direct staff can receive USD 300.

Workers' condition aside, privatization in Jakarta also carries a lot of other problems, such as the investment and loss claims made by the private companies. Thierry Krieg, the President Director of PALYJA (a subsidiary of Suez Environnement) said that Suez invested Rp. 950 billion in 1998-2005. The fund was from European Investment Bank and commercial banks loan of USD 61 billion (approximately Rp. 750 billion). And in 2005 the loan was refinanced through obligation selling in Indonesia of Rp. 650 billion. But only in 2004 they received an income of Rp. 573 billion. Just from these figures, we can predict that Suez's monopoly operation in Jakarta is not experiencing loss. The income from 2 years of operation have exceeds the investments made in 7 years.

Another thing that is very troubling to the government and the people is the fact that PAM JAYA's debt keeps on increasing. When the cooperation began, PAM JAYA's debt was hundreds of billion rupiahs. But after the privatization, the debt increased to Rp. 2,6 trillion in 2005. The agreement states that PAM JAYA should pay (using money collected from water tariff) management and operational fee (called water charge) to the two companies. The problem is that the private companies never decreased water charge, even when Indonesia was under great economic crisis. When people's economic condition was worst, the difference between water tariff and water charge is considered as new debts by Suez and RWE-Thames. And can not cover the water charge.

Clearly, there is a big imbalance in the public-private cooperation. At times when the customers do not have the ability to pay, the private companies insist on increasing water

tariff, even when they can not improve the service. In 1997, when water service is still managed by PAM JAYA, water leakage was 45%, but on March 2006 (when Suez and RWE-Thames managed water service for 7 years) the leakage is 53% for PALYJA and 55% for RWE-Thames. This means that more than half of the water is wasted but the customers still have to pay with a still increasing water tariff (so far the companies have increased water tariff five times since 1997).

Seeing the above conditions, a thorough research in this area is needed to gain accurate information. This information is needed in gaining attention from public, parliament and the government together in improving the workers' condition and water service provision.

Outcomes :

1. Improvement in workers' condition, particularly members of the union.
2. Improvement in water service provision.

Activities :

1. Conducting research "The Impact of privatization on workers' condition"
2. Conducting research "The impact of privatization on the public's water service provision"
3. Developing media based on the research to disseminate information.
4. Disseminating information through workshops for the workers.
5. Disseminate the results to the parliament, governor, and government to encourage renegotiation or contract termination and give back water management to the public's hand.

Notes:

1. At that time USD 1 is Rp. 2.300 and now it is Rp. 10.000, the currency exchange even reached up to Rp. 17.000 per 1 USD. In 1998 we buy new car for Rp. 60 million but we need at least Rp. 200 million now.
2. Presentation by Thierry Krieg at the Asean Forum in Jakarta, December 6, 2005. PALYJA.
3. PAM JAYA's Debt Is Burdened Upon the Customers (utang PAM JAYA Ditanggung pelanggan Air). Kompas 25 Juni 2005.
4. Badan Regulator pelayanan Air Minum DKI Jakarta. www.jakarta.water.org. Didownload 19 mei 2006.