



**PUBLIC SERVICES INTERNATIONAL
CONFERENCE ON PUBLIC SERVICES IN WATER AND ENERGY
February 15-16 and 17-18, 2005
FNPR Palace of Labour, Moscow, RUSSIA**

APPEAL

International Conference on Public Services in Water and Energy was held in Moscow, Russia, on February 15-16 and 17-18, 2005 at the Federation of Independent Trade Unions Palace of Labour. Conference participants represented housing and utilities and energy trade unions from Russia and Ukraine, Public Services International, European Federation of Public Services Trade Unions, ministries, agencies, Russian private companies, research institutions, NGOs, the World Bank, European Commission.

The Conference looked into the world tendencies in the communal sector development; World Bank and other IFIs' policies influencing the decision-making in the reforms process in water and energy sectors; international and Russian experience of such reforms; WTO and GATS context of the communal services delivery; the meaning and nature of the EU-Russia energy dialogue; various forms of communal enterprises privatization and possible alternatives to this process; the role of the State at all levels in the sectors' regulation and making public communal services more effective.

According to the participants' opinions the situation analysis shows that the housing, water and energy reforms policies implemented in Russia do not fully correspond to the task of leading these sectors out of the crisis they find themselves in and do not attach a sustainable social dimension to the corresponding changes in society. Among other things they include neither the sectors' workers' and trade unions' nor the users', especially those from low income families, rights defense. These policies lead to lowering people's living standards, deprive them of their rights to the most essential necessities under severe climatic conditions in a northern country like Russia – pure water, electricity and heating.

The past 10-15 years' international and Russian experiences show that there is not even a promise of competition in the water and energy sectors. Actually privatization and deregulation in these sectors weaken national public services systems and economies and strongly contribute to the crises in water and energy supply. The trade unions think that direct causes of these crises are quite earthly. But under market conditions the companies' increasing urge for profits exacerbates the situation. The private sector even in economically developed countries proved to be unlikely to provide stable and reliable infrastructure for water and energy. Corporations avoid long-term investment in supporting the existing and setting up new infrastructure and instead concentrate on trading, mergers and acquisitions. Thus, the Eastern distribution network in Britain has had five owners in only eight years, while ownership of some power stations has changed three or four times. About 40% of UK generation capacity is owned by companies that are bankrupt or close to bankruptcy. In the opinion of the Conference trade union participants private business, even if it attracts foreign investments and loans, would not be able to and would not be aimed at addressing in a complex way the multifaceted reconstruction and modernization problems in water and energy sectors, provide more effective and responsible approaches than the public sector. To achieve this it is essential to build upon the will, power and resources of the

State, which eventually is responsible for the fate of these strategically important national life-support public services, security, health and well-being of the nation.

Implementation of the water and energy sectors reform cannot be satisfactory without direct workers' and unions' involvement in decision-making process – as it is the workers who know better what is good and what is bad in the services, what is working and what is not. It is necessary to develop in these sectors an effective social partnership system supported by fulfillment by the private employers coming into the public services of their social responsibilities to the workers and the society. A constructive dialogue is necessary with public sector employers who are not indifferent to the sectors' fate, who demonstrate their will to improve the services system, while preserving its public character, the managers who see the services privatization's destructive social consequences and who seek alternative measures together with governments of all levels eventually responsible for the timely delivery of sufficient and quality services to the users.

Effective public services system is the best safeguard against forced privatization (or "ideological" privatization) and work places cuts. In this connection public services trade unions all over the world see the necessity to preserve quality public services and ensure decent employment and pay conditions in the sector. This is considered a pledge of successful overcoming poverty, especially that of women, as women constitute both a substantial part of the sector's workers and users of public services. Quality, accessible and affordable public services are the foundation for the economic and social stability and growth, maintenance of nations' health, strengthening of equality and democracy.

Trade union participants of the Conference stress that it is essential to observe and to build upon ILO labour standards on all stages of discussions over Russia's entry to the WTO and the country's joining any of the WTO agreements. Practice shows that Government's representatives often talk and vote there in a manner different from the one they use at home and at the ILO, demonstrating their adherence to double standards.

In order to implement socially orientated water and energy policies we consider expedient to:

- Strengthen the State's role and responsibility in modernizing the two sectors and solving their financing problems by using the federal budget's and stabilization fund's money;
- Study the consequences of the PPPs' functioning in communal sectors worldwide and in Russia and Ukraine;
- In view of Russia's perspective participation in the WTO adopt the basic policy of national security in water and energy supply;
- Develop a citizens' social security measures policy under reforms conditions and Russia's entry in the WTO;
- Actively use the practical experience of the countries that succeed in preserving their public water and energy services and passing laws against utilities privatization;
- Let the trade unions participate in the sectors' reforms process, influencing the decision-making in the interests of the workers and communal services users;

- Use every possibility of the effective social partnership in the sectors for trade union rights defense, work places protection, ensuring decent pay, working conditions and pensions, labour force retraining, workers' and population health protection;
- Guarantee water and energy supply to the low income insolvent families while strictly demanding payment from those users who are able to pay;
- Provide transparency and accountability of reforms processes in the housing and utilities, especially water and energy sectors;
- Enhance public access to the information on social consequences of the housing and utilities', including water and energy enterprises, transition to new property and management forms; undertake every measure not to allow these enterprises turn bankrupt.

Water and energy are the most essential national resources. They are not simple commodities, rather they are a vital condition of human existence, of economic functioning and governance and social peace. The World Bank in its "Making Services Work for the Poor" Report admits the existence of the serious services access problem. It is not by chance that the UN documents, MDGs principles formulate general access to a number of basic services, such as water and sanitation, healthcare, education as inalienable human rights.

Water and energy services are essential for the society. The national governments should take upon themselves the sectoral investment and infrastructure management responsibility. The World Bank and IMF policies imposing unconditional states' expenditure limitations should be amended in such a way that the Russian Government could bring about long-term investments in public services infrastructure that is in acute need of such resources.

The trade unions call upon the Governments of the Russian Federation and Ukraine to reconsider their attitudes to privatization and deregulation in water and energy sectors and to set up commissions to study these sectors' problems, the influence capital concentration and prices liberalization have on the national users, work places and employment, before Russia and Ukraine move any further in this direction. Today these issues are practically ignored and it is not clear who will take the political responsibility for new manifestations of the crises in the sectors, business losses and human suffering. It is necessary to urgently study the consequences of the reforms to enable the socially aimed and responsible policy in water and energy sphere in order to balance the needs of the workers, users, Governments, banks and corporations.

Public Services International (PSI) is a global trade union federation that represents 20 million women and men working in the public services around the world. It has some 650 affiliated unions in almost 150 countries, including Russia and Ukraine. PSI is an autonomous body, which works in association with federations covering other sectors of the workforce and with the International Confederation of Free Trade Unions (ICFTU). PSI is an officially recognised non-governmental organisation for the public sector within the International Labour Organisation (ILO) and has consultative status with ECOSOC and observer status with other UN bodies such as UNCTAD and UNESCO.