

**Tripartite Meeting on Challenges and Opportunities
Facing Public Utilities**Geneva
19-23 May 2003

**Conclusions on the challenges and
opportunities facing public utilities
(electricity, gas and water)**

The Tripartite Meeting on Challenges and Opportunities Facing Public Utilities,

Recalling the Conclusions on managing the privatization and restructuring of public utilities (water, gas and electricity) adopted by the Tripartite Meeting on Managing the Privatization and Restructuring of Public Utilities held in 1999,

Having met in Geneva from 19 to 23 May 2003,

Adopts this twenty-third day of May 2003 the following conclusions¹:

General considerations

1. Public utilities are essential services that play a vital role in economic and social development, since they have an extensive impact on the health and survival of people and the productivity of the overall economy. More progress needs to be made, particularly in developing countries, to facilitate access to these services by the largest possible segment of the population.
2. Public utilities must serve the public interest. Whether public utilities are provided publicly or privately, governments are ultimately responsible for these essential services under transparent and accountable regulatory frameworks to ensure reliable universal access and continuity of service, with a specific focus on areas that are currently unserved. This is particularly important since access to water has been declared a human right by the United Nations.¹
3. Some enterprises providing public utilities have undergone or are undergoing change in ownership structure, facing competition, changes in regulatory and legislative frameworks

¹ The United Nations declared the year 2003 as the International Year of Freshwater and the United Nations Committee on Economic, Social and Cultural Rights at its 29th Session, 11-29 November 2002, declared that water was a human right.

¹ These conclusions have not yet been examined by the Governing Body of the ILO in accordance with established procedures and therefore cannot be considered as definitive.

or business diversification, all of which have had an impact on working conditions, pay and job security. Some of these changes brought on through globalization have driven adjustments in employment conditions and service delivery. The intensification of social dialogue can assist in this process.

The provision of utility services and its impact on employment

4. Increased demand for water, gas and electricity have forced utilities to look at alternative ways of providing these services. In this process, privatization, liberalization and deregulation were presented as various options to improve delivery of utility services to all people. These options have often resulted in reduction in employment levels. Governments and employers are called upon to implement employment policies which take into account the services to be provided, particularly to those populations that are currently unserved. Public-public partnerships are another approach that could be utilized.
5. Technological innovations are often beneficial to improving the efficiency of operations, but can also lead to job loss. An adequate level of staffing is required to ensure efficiency and safety and health at work. Research and development as well as worker training are all important components for improving efficiency and quality of service in order for an enterprise to be successful and remain competitive. ILO fundamental principles and rights at work should underlie socially sensitive restructuring and there should be full compliance with national laws and regulations on consultations with workers and their representatives.² During this transformation, lessons learned should be shared with others so that the right policy decisions can be made in the future.
6. Governments, employers and workers share an interest in stable and sustainable labour markets that ensure a supply of skilled and productive labour. The age profile of the sector in some countries is increasing and there is a significant gender imbalance in some disciplines, which make human resources planning by employers a greater challenge in view of fewer skilled labour market entrants expected in the future. All parties in the sector share the responsibility for making the industry attractive to both young men and women, to help meet the recruiting challenges of replacing an ageing workforce in these sectors. Establishing national or sector-specific training programmes and investing in workers through apprenticeships and lifelong learning mechanisms can be instrumental in meeting the demands of changing skills needs of the industry.

² Throughout this text when the term “workers’ representatives” is used, it refers to Article 3 of the Workers’ Representatives Convention, 1971 (No. 135), which reads as follows:

“For the purpose of this Convention the term ‘workers’ representatives’ means persons who are recognised as such under national law or practice, whether they are:

- (a) trade union representatives, namely, representatives designated or elected by trade unions or by the members of such unions; or
- (b) elected representatives, namely, representatives who are freely elected by the workers of the undertaking in accordance with provisions of national laws or regulations or of collective agreements and whose functions do not include activities which are recognised as the exclusive prerogative of trade unions in the country concerned.”

Governance, corporate social responsibility and efficiency in utility services

7. The Meeting recognized that good governance and corporate social responsibility can provide strategies and initiatives that encourage and apply best practice. They would also demonstrate how efficiency, profitability, pay and good working conditions can go hand in hand. It is important for all public entities and private companies to meet the social, ethical and environmental standards. Governments and employers should promote and respect the principles and rights enshrined in the ILO Declaration on Fundamental Principles and Rights at Work and there should be full compliance with national laws and regulations on consultations with workers and their representatives.

Social dialogue in the provision of utility services

8. The Meeting recognized the fundamental importance of social dialogue within the utilities industry. Social dialogue can help to develop mutually beneficial solutions to challenges faced by governments, employers and workers. Mechanisms for and capacity to engage in social dialogue should be developed.
9. It is understood that there is no one-size-fits-all approach, as each country and region has individual characteristics that present different challenges. A number of enterprises, especially multinational enterprises, also have adopted good practices from which other companies can benefit. Sharing information can be instrumental in making the right future policy decisions for both public and private enterprises.
10. The Meeting recognized that the ILO MNEs' Declaration and the principles and rights contained in the ILO Declaration on Fundamental Principles and Rights at Work should be promoted and respected in the sector since they help to promote democracy, equity and development.

ILO action

11. The Meeting took note of the recent decisions of the ILO Governing Body concerning the new approach to sectoral activities, and while valuing international dialogue in particular through international sectoral meetings, considered that the best way of addressing the issues in the utilities sector would be through national and regional activities. To that end, the ILO should develop and implement with the social partners financially viable, targeted action plans with reasonable and measurable indicators to identify success or failure. For example, forums for the exchange of national experiences on skills development initiatives would be particularly valuable.
12. The Meeting requested the ILO to facilitate the capacity building for social dialogue of tripartite constituents in the sector, particularly in developing countries.
13. The Meeting requested the ILO to utilize different means of information sharing and dissemination to ensure that such information reached the constituents in the sector. The current information technologies, such as the Sectoral Activities Department's One-stop Window (www.ilo.org/public/english/dialogue/sector/index.htm), are a good tool. Independent and specific research on economic and social issues in public utilities should be undertaken to supplement the report prepared by the Office. Such research could focus, for instance, on successful and unsuccessful cases of reforms (privatization, deregulation and restructuring) in the sector.