

Restructuring of Australian power industry decimates regional community

Liz Mantell
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A recently released report entitled *The Latrobe Valley-Victim of Industrial Restructuring*, paints a graphic picture of how two decades of restructuring and privatisation have devastated a once thriving community. The Latrobe Valley, the centre of Victoria's power-generating industry, is situated 150 kilometres east of Melbourne.

The report, compiled by Dr Bob Birrell from the Centre for Population and Urban Research at Monash University, was commissioned by the Construction Forestry Mining and Energy Union (CFMEU) as part of a case in the Industrial Relations Commission (IRC) against Latrobe employer Yallourn Energy, seeking to establish that the last round of sackings of CFMEU members was against the "public interest".

The report reveals a community in its death throes. The Latrobe Valley was the site of the state's first permanent power station, established in 1924. The Valley developed rapidly following World War II, as demand increased for greater generating capacity to drive the post-war industrial expansion.

New power stations, and the opening of huge open-cut mines to produce the brown coal to fuel them, attracted hundreds of workers of varying national backgrounds to the Valley to seek secure employment with the government-run State Electricity Commission (SEC). The influx was to produce one of the state's most militant working class centres.

The carve-up of the Victorian power industry commenced in the 1980s under a state Labor government, with the direct assistance of the power unions. They argued that while some jobs would be lost initially, new ones would be created and decent wages and working conditions could be maintained.

Calling for "better consultation" with the government to make the industry "competitive," the power unions

struck a "Performance Guarantee Contract" in the early 1990s to cut costs and drive up productivity. In the first six months of the agreement, the SEC slashed costs by \$3 million. In return, the government promised to consult with the unions and open up a public discussion on privatisation of the power industry.

The privatisation process continued and accelerated after Labor was swept from office and the Liberals gained power in 1992. Today, all of Victoria's electricity industry is privately owned and operated.

Rather than the promised swathe of new jobs, the Birrell report demonstrates the opposite. In the early 1980s, before the onset of privatisation, more than 10,400 power workers and their families lived in the region and many thousands more workers were employed in ancillary industries, maintenance and supply. Over the last decade, four fifths of all power jobs in the Latrobe Valley have been wiped out. Today, the private power companies directly employ only 1,790 workers, and even this number is rapidly dwindling.

The report shows that the subsequent high unemployment levels have impacted on every aspect of the lives of working families. Some 30 percent of all families with dependent children in the region's three main towns—Moe, Traralgon and Morwell—survive without a breadwinner. Thousands of youth and workers, unable to find work, have been forced to leave the region. During the past 10 years the population has fallen from 79,450 to 73,439. Around one third of men aged 25-44, who were residents in 1991, had left by 1996.

Of males aged 25-54 still living in the valley, one in five is dependant on welfare payments, pensions or carer's benefits. The proportion of men in the 35-44 age group on disability support pensions is among the

highest in the state. Most have been affected by work-related injuries or industrial illnesses, such as asbestosis.

The elimination of job prospects and the subsequent social deprivation has affected education levels. Many students, disillusioned with employment prospects, abandon their studies. More than 50 percent of females aged 25-34 still living in the valley left school before the age of 17. Only 62 percent of year 10 students who enrolled at government schools in 1998 continued on to year 12, compared to Melbourne where 81.6 percent continued their education. Similarly, in 1999 only 54.5 percent of year 12 students completed their final year of high school, whereas in Melbourne the figure was 76.5 percent.

The State Electricity Commission once employed many hundreds of apprentices and provided them with full-time jobs once they had completed their training. At its peak, the Gippsland Institute of Technical and Further Education (TAFE), originally established to train SEC apprentices, had over 1,100 enrolled students and employed 190 full-time teachers. From 1992 to 1999 apprenticeship enrolment at the college dropped to less than 200. The private power companies prefer to hire whatever skilled labour they require directly from labour hire firms and agencies.

As jobs have disappeared and workers and their families left the Valley, vital services such as hospitals have been shut down. Under successive Labor and Liberal governments, the region has lost two of its three public hospitals. Of 300 hospital beds, only 257 remain. The state government only reappropriated Morwell's hospital, which was privatised despite heated community opposition, when the private operators bailed out after failing to make a profit.

Rather than castigating the present Labor state government, which backs the private power companies in their bid to slash even more jobs and further undermine working conditions, the Birrell report lauds Premier Steve Bracks' recent decision to establish a "ministerial task force" to review conditions in the Latrobe Valley.

While the taskforce acknowledged "the regrettable economic and social dislocation" that has occurred, it claimed the situation was solely the responsibility of the former state Liberal government and its federal Liberal counterpart.

On the strength of the taskforce report, the Bracks

government has implemented one of its pre-election promises and allocated a \$105.8 million package to the Latrobe Valley. However the bulk of this amount will be spent on the construction of a new police and court precinct, and will do nothing to improve the social conditions of working people.

One of the purposes of the Birrell report was to cover over the role of the CFMEU and other unions and create the illusion that the private companies could be compelled to alleviate the social disaster they have created.

The report focused on the "public interest" clause in the 1998 National Competition Policy. The CFMEU mounted a legal case to argue that the private companies should "balance economic accountability with social responsibility" and somehow provide a safety net for communities, lower income groups and regions adversely affected by the sell-offs.

But the central concern of the union bureaucracy throughout has been to establish and maintain a position for itself in the restructuring process. The Birrell report was commissioned as part of a manoeuvre by the CFMEU to accommodate itself to Yallourn Energy's moves to impose substantial layoffs at the end of 2000.

It was never the union's intention to use the report to mobilise a broad campaign to oppose job destruction or fight for improved social conditions, although such a campaign would have won widespread support. The aim was to curtail industrial action by CFMEU members, push the dispute into the industrial court and defuse a situation that threatened disruption of the state's power supply.

The IRC found in Yallourn Energy's favour late last year, allowing the company to proceed with forced redundancies, to implement greater labour "flexibility" and to increase the use of contract labour. The union quickly accepted the verdict and only then publicly released the contents of the Birrell report.



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