

Australia: Prime Minister Rudd backs NSW state power sell-off in face of growing opposition

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Prime Minister Kevin Rudd this week intervened to support New South Wales (NSW) Premier Morris Iemma, who is facing mounting opposition to his moves to privatise key sections of the state's electricity industry.

Rudd told the *Australian* newspaper on February 11: "Premier Iemma has my complete support," adding "I understand how politically problematic it is, but we need to make sure that we get a proper generating capacity for the state in the future."

Rudd's intervention is a sharp indication that Iemma's Labor government is facing difficulties getting the sell-off through. The premier plans to sell the state's electricity retail arms, Energy Australia, Integral Energy and Country Energy, and to lease out the state's electricity generators, Delta Energy, Macquarie Generation and Eraring Energy, to private operators, in the hope of raising \$15 billion for the state treasury.

According to media reports, energy companies such as AGL Energy, Origin Energy, International Power Plc and Hong Kong-based TRU Energy are "salivating" at the prospect of gaining a slice of Australia's largest and most lucrative electricity providers.

Since the privatisation plan was revealed last December, workers at power generating stations in NSW's Hunter region have held rolling stoppages. Power union delegates meeting with Unions NSW officials called for a strike and picket of the NSW parliament on its first day of sitting on February 26. Faced with the prospect of 14,000 electricity workers turning out, Unions NSW insisted that the action be watered down to a "Stop the Sell-Off" march to parliament for a "community rally" and that MPs not be blocked from entering the building.

In response to the growing opposition to Labor's plans, Newcastle Trades Hall Council called a public meeting in

late January that drew over 600 people, including power workers, local residents, members of church groups and local councillors. The meeting resolved to fight the sell-off "all the way to the next election".

Last week, state Treasurer Michael Costa, a former Unions NSW head, warned unions and power workers to back-off and threatened legal action if the February 26 strike and rally goes ahead. He issued a thinly veiled threat to break the strike, telling the media: "We will use whatever industrial levers are available to ensure that power supplies remain."

In an effort to head off the resulting outcry, a number of Labor and union officials threatened to move the expulsion of Iemma and Costa at the state Labor Party conference in May unless they drop the privatisation plan. However, confident that these statements were nothing more than theatrics, Costa declared in a February 7 press interview: "The government is committed, independent of state conference, to govern on behalf of the people of New South Wales." The next day, Labor's state president, Electrical Trades Union state secretary Bernie Riordan, softened the expulsion threat in a statement to the *Sydney Morning Herald* calling on Costa to resign.

As reporter Simon Benson commented in the *Daily Telegraph* on February 13, to sack Iemma and Costa "would amount to the sacking of a government by the party. That is simply not going to happen." Benson went on: "Considering Rudd will be speaking at the conference (in May) as well, his first as Prime Minister, the appetite (of the unions) for war on power will wane as this historic occasion approaches." He pointed to signs that the unions were already accepting "the realities"—Unions NSW secretary John Robertson had delegated comment on the privatisation issue to his deputy, Mark Thistlewaite.

A number of "left" Labor MPs have declared they

would vote against a privatisation bill in parliament if it went against party policy. But this threat is completely meaningless. Iemma and Costa are not legally compelled to put the sell-off plan to parliament in the form of a bill and have no intention of doing so. MPs will not be asked to vote on whether they support privatisation in principle. All that is required is an enabling bill to deal with marginal issues such as consumer protection and security of supply.

Labor's sell-off plan is in direct response to demands from big business and large energy users for the federal and state governments to build a national electricity grid and a national market fully owned and operated by the private sector.

To provide "independent" support for the sell-off, the government commissioned Professor Anthony Owen from Curtin University to "look into the future supply of electricity in NSW". It came as no surprise that Owen's findings, released in September 2007, recommended that the government "[d]ivest itself of all state ownership in both retail and generation". To encourage future investment in the industry, Owen recommended that the government "consider the removal of regulated retail price caps".

His call for lifting limits on household prices mirrored the submission put to the inquiry by the Business Council of Australia, representing the country's 100 largest corporations. Privatisations in other states have left working people paying soaring electricity prices.

Iemma and Costa have promised \$124 million in "incentive" payments to electricity workers to accept the plan, which will mean the loss of jobs and conditions, and pledged that retail price limits would remain until 2013. Costa has also claimed that the hoped-for \$15 billion raised from the sale would be invested in an "Intergenerational Fund" to underwrite spending on health, education, metro rail, water, roads, energy efficiency and clean energy technology. Despite these bribes, public opposition has only increased.

In 1997, Labor's NSW annual conference unanimously voted down a similar proposal by Iemma's predecessor, Bob Carr. The set-back followed the landslide defeat of the Keating Labor government in the 1996 federal elections, which saw record low votes for Labor in working class areas. Facing a state election in little more than a year, Carr pulled back.

The retreat, however, was purely tactical. The government proceeded with plans to carve up the power industry into competing bodies. With the assistance of the

unions, the power industry was restructured and the workforce downsized. In 1997, for example, Energy Australia eliminated 1,600 jobs—40 percent of its workforce of 3,900—with the majority going from the Hunter region. NSW, like other states, became part of a national power market, initially established by the Keating government, subjecting the state-owned but corporatised entities to the same market forces as private companies.

The corporatisation process laid the groundwork for the renewed privatisation drive, which the unions now claim they will fight tooth and nail. But with Labor flush with a federal victory and no NSW election due until 2011, there will not be a repeat of the 1997 back-down via machinations within the union and Labor apparatus.

Between 1983 and 1996, the Hawke and Keating governments, backed by votes at special party conferences, privatised major public enterprises such as the Commonwealth Bank and Qantas. The sell-offs were carried through with the assistance of the unions, which either openly acceded to the sales or actively suppressed rank-and-file opposition.

Rudd has pledged to implement a new wave of free market restructuring in partnership with the state Labor administrations. Corporate and financial institutions are eagerly awaiting the first instalment in NSW.

Power workers and other working people need to take the campaign out of the hands of the trade unions, who are working to contain it to limited protest and dead-end attempts to pressure and appeal to Labor; and mobilise a broad political and industrial campaign to stop the sell off.

The fight must raise the demand that publicly-owned utilities, necessary for the provision of the essential requirements of masses of people in a modern society, be placed under the democratic control of those who work in them and of working people generally. Such a campaign can only be carried forward on the basis of a socialist perspective, aimed at the complete reorganisation of society as a whole, where production is organised and operated to meet needs of the many, not the private profits of the few.



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