

Australia: NSW Labor Premier prepares to privatise electricity despite party conference defeat

Mike Head
5 May 2008

New South Wales Labor Premier Morris Iemma yesterday announced his government would proceed with its plan to privatise key sections of the state's electricity industry, despite the overwhelming rejection of the plan, by 702 votes to 107, at the Australian Labor Party (ALP) state conference on Saturday. Iemma declared that the electricity facilities would be on the market by the end of the year.

Iemma's contempt for the party vote was underscored by the fact that he made his announcement at a media briefing conducted in his office across town from the conference, which was still in session. The premier claimed he had a "constitutional responsibility" to the people of the state to "proceed down the path" the government commenced when it suddenly unveiled the sell-off last December.

Iemma refused to answer questions about whether he had placed his job on the line by defying the party conference, where he was booed and heckled, together with six other cabinet ministers. He told the media he was confident of the support of his parliamentary caucus, and he would "leave the door open" to talks with "all stakeholders, including the trade unions".

Despite Iemma's defiance of the vote, there was no move at the ALP conference on Sunday to call him to order, let alone demand his expulsion. While there were cries of "shame" from many delegates when news of the premier's position was relayed to the conference, the various party and union leaders welcomed his "offer" of further negotiations. Their overriding concern was clear: to prevent an open confrontation with the government by presenting to Iemma a range of alternative options for "reforming" the power industry.

Virtually unanimously, the conference passed a resolution that merely reaffirmed the vote of the day before, called for an urgent meeting of the joint party-unions campaign committee and "noted" the premier's "intention to continue discussions".

Moving the resolution, party state president Bernie Riordan, from the Electrical Trades Union, declared that the power industry "does need reform, whether it be vertical integration or privatisation" and said the unions had already given the government seven or eight options, all of which had been refused. Riordan appealed for Iemma to "come to the table" because the future of the party was at stake.

Seconding the motion, assistant state secretary Luke Foley, who represents the party's "Left" faction, said Iemma had "thrown down the gauntlet" and the party was "at the edge of a precipice". But, he emphasised, all the party and union leaders, "left and right" had sought to avoid the crisis. "We have expressed a willingness to discuss," he said. "Let's embrace the premier's offer and not go over the precipice...We desire nothing more than the closest relations."

A few minutes earlier, the head of the state's peak union body, Unions NSW secretary John Robertson, set the tone by telling the delegates that

the first step in dealing with Iemma's decision was to "control ourselves". Unions needed Labor governments to survive, he insisted. "Whatever happens, we all need to work together, to keep our party strong and to keep Labor in power around the nation."

Far from leading a fight against privatisation, the ALP and union leaders are working desperately to prop up the Iemma government in the face of deep-seated hostility throughout the working class toward the privatisation plan, which involves selling off the state-owned electricity retail corporations—Energy Australia, Integral Energy and Country Energy—and leasing the power generators—Delta Electricity, Eraring Energy and Macquarie Generation.

Just days before the weekend conference, Murdoch newspaper polls reported that Iemma's personal satisfaction rating had plunged to 28 percent, one of the worst results on record. The slump reflected discontent on many fronts, including the parlous condition of the state's public health system, rail and transport networks, and public schools, and the bankrolling of the Labor Party by business interests, particularly property developers, liquor traders and gambling operators.

Iemma made his declaration knowing he had the full backing of the federal Rudd government. On Saturday, as the conference opened, federal Treasurer Wayne Swan was featured in a front-page interview with the *Australian's* editor at large, Paul Kelly, describing Iemma's privatisation agenda as central to the federal government's economic program. "I think they are important reforms," Swan told Kelly. "They go to the heart of the (Council of Australian Governments) agenda. I support the reforms put by Premier Iemma."

Prime Minister Kevin Rudd addressed the state conference on Sunday morning, just hours after the motion's resounding defeat, but chose not to restate his own public support for Iemma's plans. His position, however, was made crystal clear. After referring to the "disagreement" of the previous day, he said his message to the conference was: "The time has come to get on with the business of building a modern Australian nation capable of meeting the challenges of the twenty-first century."

Rudd's speech reiterated his pro-business agenda. It was littered with references to "removing the unnecessary regulatory burdens on business", "microeconomic reform" and "reducing government spending". "Australian business wants us to lead the nation towards a long term goal of a seamless national economy," he declared.

There was not a murmur of dissent from any of the 800 delegates. As he made his entrance into the hall, Rudd was greeted with an ecstatic standing ovation, a chorus of cheers and prolonged hand-clapping, all to the sound of rock music. No one had any intention of mentioning Rudd's previously stated "complete support" for Iemma's sell-off plan. Not a single delegate wore one of the yellow anti-privatisation tee-shirts that had been on display all over the conference floor the day before.

Ludicrous efforts were made throughout the conference to depict the privatisation plan as the brainchild of one man—state Treasurer Michael Costa, and his overriding arrogance. While Costa has certainly played a key role, he has not been alone. Rudd, Iemma and the entire federal and state party leadership are preoccupied with carrying through the NSW power sell-off as a signal to the media and corporate establishment that the Rudd government's wider privatisation, "public-private partnerships" and "economic reform" agenda will be implemented in full.

Throughout the weekend, the Murdoch media outlets were particularly strident. Saturday's editorial in the *Australian* began: "When NSW Premier Morris Iemma receives his ritualistic pasting from self-interested trade union leaders today over the \$10 billion partial privatisation of the state's electricity assets, he can console himself with the knowledge that he has right and public interest on his side."

Today's *Australian* went further, insisting that Iemma's stand was crucial for the fate of the Rudd government: "Mr Iemma must demonstrate that he is prepared to govern for all people and ignore the demands of state conference. Failure to do so will have consequences well beyond the term of the present government. The ramifications will also be felt well past the borders of NSW and represent a poor omen for the prospects of Mr Rudd's own reform agenda."

According to Saturday's *Australian*, a survey of 414 NSW business representatives found that three-quarters of them believed electricity reform was important or very important to business. The survey was commissioned by Infrastructure Partnerships of Australia (IPA), a privatisers' lobby group. IPA executive director Garry Bowditch told the newspaper: "NSW businesses stand as one with the NSW government—reform must happen if this state is to continue to grow and develop."

The Rudd government's new Infrastructure Australia agency is expected to lay the basis for highly-lucrative private investment and "partnerships" in public infrastructure and government services nationally, including electricity and gas, water, hospitals, schools and toll roads. In his conference speech, Rudd listed Infrastructure Australia as one of his government's highest priorities.

The record internationally has been that the insistence on short-term profits leads to job destruction, price hikes, service breakdowns and environmental problems. In the neighbouring state of Victoria, where the electricity industry was sold off a decade ago, average annual power bills have increased from \$945 to \$1,106, while the number of jobs fell from 27,000 to 12,000 before privatisation, and to 7,000 afterwards. In another neighbouring state, Queensland, power bills are expected to have risen by nearly 20 percent by July, following the introduction of full retail competition last year.

The most notorious experience is that of California, where large corporations such as Enron literally sabotaged the power grid to drive up prices and reap massive profits, stripping an estimated \$10 billion from the state's coffers.

The union and Labor leaders who claim to be defending "public" power have already presided over decades of job losses and semi-privatisation. The NSW Electricity Commission was long ago carved up into an array of generating, transmitting and retailing corporations, all operating like private businesses. For example, one veteran worker from Wallerawang power station near Lithgow told the WSWS that the blue collar workforce there had been cut from about 500 to less than 50 in his 26 years on the job. Increasingly, work has been contracted out.

The Labor Party has been privatising public services for decades. Between 1983 and 1996, the Hawke and Keating governments, backed by votes at party conferences, sold off major enterprises such as the Commonwealth Bank and Qantas, leading to massive job losses, price increases and service cuts, all to generate multi-billion dollar profits. The unions either openly acceded to the sales or actively smothered rank-and-

file opposition.

In so far as the unions led workers to believe that a federal Labor victory would see a significant change, they are beginning to receive a rude shock. One Australian Manufacturing Workers Union (AMWU) official flatly told the WSWS that if the ALP conference had not voted against the privatisation plan it would have been the final death of the Labor Party, whose membership and support base had already dwindled. He described the mood of his union members as "livid". In other words, the so-called "victory" for the anti-privatisation vote was essentially a political show, designed to appease union members.

The thoroughly cynical character of the conference was underscored by the efforts of Labor party officials to bar access to WSWS reporters on the first day, while teams from the corporate media, including the Murdoch publications, were welcomed with open arms.

The WSWS has been accredited to report on ALP conferences, state and federal, for the past 10 years, and before that, journalists from the *Workers News*, the former publication of the Socialist Equality Party/Socialist Labor League covered them for more than 25 years. In the week prior to the conference, WSWS correspondents were informed by ALP official Elizabeth Scully that they could cover this one. However, on Saturday morning, Scully refused to provide the WSWS with media credentials, claiming that new rules had been adopted, confining coverage to journalists belonging to the state parliamentary press gallery. This proposition soon turned out to be a lie, because other non-press gallery journalists were credentialled. When challenged, Scully refused point-blank to give any explanation for the WSWS's exclusion, except to confirm that it was a decision of the conference committee.

On the second day, again without explanation, the WSWS's credentials were restored. Nonetheless, the episode serves to highlight, yet again, the anti-democratic nature of the ALP apparatus and its willingness to ride roughshod over party rules, traditions and votes in its determination to accommodate the demands of the corporate elite.

See Also:

Australian Labor government's "2020 summit": more political spin to package right-wing agenda
[21 April 2008]

Australian Labor leaders plan "third wave" of free-market measures
[3 April 2008]

Australian unions seek to accommodate on NSW power privatisation
[3 April 2008]



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact