

Australia: NSW government unveils “Plan B” to sell electricity assets

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The New South Wales Labor government has vowed to push through the privatisation of at least part of the state’s electricity industry after closing down a special session of state parliament last week to avoid the certain defeat of its proposed sell-off.

The government abruptly adjourned the session after the Liberal-National Party Coalition made clear it would vote against the privatisation scheme. Within hours of the debacle, Premier Morris Iemma called an emergency cabinet meeting and a caucus of all Labor MPs, which promptly rubber-stamped his “Plan B” for a partial sell-off.

The government will still sell the state’s three electricity retailers, EnergyAustralia, Integral Energy and Country Energy, and offer potential power station sites to private business, to raise an estimated \$3 billion. Electricity generators, Delta Energy, Macquarie Generation and Eraring Energy, whose sale required enabling legislation, will, at least for now, remain state-owned.

While the modified scheme still provides lucrative pickings for big business, the withdrawal of the full sale has angered business and the money markets. Following the government’s announcement, credit ratings agency Standard and Poor’s placed the state on credit watch and warned that its AAA credit rating could be downgraded.

For most of this year the government has been under continual pressure from major corporate interests to finalise the privatisation plan by the end of this year. To deliver on their demands, Iemma and Treasurer Michael Costa rode roughshod over widespread public hostility—with opinion polls showing 80 percent opposition—and defied the Labor Party’s own state conference, which rejected the sell-off by 702 votes to 107.

In a bid to ram through the sale, Iemma last week took the extraordinary step of recalling parliament from its winter recess at an estimated cost of \$500,000. He announced the move, flanked at a media conference by business leaders, following the release of a favourable auditor-general’s report on the terms of the sale.

The report had been demanded by state Opposition and

Liberal leader Barry O’Farrell as a condition for committing to the plan. O’Farrell, who openly advocates the privatisation, hoped to use the report to throw the Coalition’s support behind the sell-off but ran up against opposition from National Party MPs, jittery over the prospect of a political backlash in their rural and regional constituencies.

Amid signs that O’Farrell was wavering, just two days before the parliamentary session an alliance of business lobbyists demanded a meeting. A spokesman warned: “I don’t think Barry realises how close he is coming to seriously getting the business community offside.” Iemma chimed in, declaring that O’Farrell was stopping investors “knocking on the door looking to invest billions [of dollars] in NSW”.

O’Farrell’s failure to back the sale drew vitriolic condemnation from the media and corporate establishment, despite his commitment to put it on the agenda of any future Coalition government. Friday’s *Australian* editorial declared: “NSW Opposition Leader Barry O’Farrell has just done the unthinkable. By scuttling Labor Premier Morris Iemma’s push to privatise the NSW electricity sector, he has raised the serious question of whether the Liberal and National parties can ever be fit to run the nation’s largest state.”

Business leaders have swung their support behind Iemma’s new push. Sydney Chamber of Commerce executive director Patricia Forsythe said: “The Premier and his decisive action has clearly demonstrated that he’s putting the needs of the economy in terms of investment and jobs and energy supply to the forefront.”

Misleading “victory” claims

As soon as the government withdrew its legislation and shut down parliament, Unions NSW secretary John Robertson declared that “electricity privatisation is now dead in NSW” and claimed the result was “a huge victory for the community and the workers in the electricity industry”. His rhetoric quickly proved to be completely false.

Hours later, confronted by Iemma's immediate renewal of the sell-off plan, Robertson declared: "This government has signed its political death warrant tonight." His statement, however, was not a pledge that the trade unions would launch an all-out fight against the government. Rather, it expressed the unions' deep-going concern for Labor's future electoral prospects.

Robertson made no call for disciplinary action against Iemma, let alone demand his expulsion for once again flouting Labor Party policy. Nor did he criticise Labor MPs for endorsing the new scheme. He proposed instead a campaign to pressure caucus members "to convince the Premier and Treasurer to withdraw" it.

Ruling out immediate industrial action by power industry workers, Robertson declared: "If we are unsuccessful, then there'll be a meeting of all the workers' representatives in the first instance to give consideration to what steps they might take into the future."

Incensed by the government's move, however, about 1,500 electricity workers walked off the job on Friday afternoon. Call centre workers and staff from the retailers Energy Australia, Integral Energy and Country Energy announced a snap strike until Monday.

Robertson's response points again to the real agenda behind the phoney anti-privatisation campaign conducted over the past year by the unions, some backbench Labor "lefts" and the party's administrative committee. From the outset, the aim has been to head off the development of an independent political and industrial movement of the working class that would threaten the entire pro-market agenda of not only the Iemma government but also the Rudd federal government, which has backed the NSW power sell-off.

That is why the overwhelming defeat of Iemma's plan at the state Labor conference, far from leading to any offensive against the government, saw union and Labor officials try to defuse the opposition to privatisation, calling off industrial action and a series of protests.

At the same time, the unions have sought to use the popular hostility as leverage to ensure themselves a place within any privatised power setup. While constantly declaring there would be no compromise, the unions have repeatedly met with Iemma in closed-door discussions to put forward "options" to make the sale more palatable.

None of these "options" was made public by the unions or the government. However, in a revealing statement at the end of last week, Iemma reminded Robertson that "industrial action by unions would be hypocritical" because the government's revised plan was "an option that they (the unions) brought to us last year and continued to bring to us in the early part of this year".

The Labor and union leadership is already moving to support Iemma's revised proposal. Interviewed on ABC television last week, Labor's acting state secretary Luke Foley indicated that a party committee was likely to accept the plan. "It's now time to put NSW Labor back together," he declared. In other words, there will be a concerted drive to smother all opposition to the sale of the three electricity retailers.

"Putting NSW Labor back together" will clear the way for a whole raft of privatisation and public sector funding cuts. Costa has already announced his intention to sell Sydney Ferries and outsource railway maintenance, and is demanding public sector job cuts. A mini-budget will be handed down within 10 weeks to slash infrastructure spending, including on hospitals, schools and transport, to make up the \$15 billion that the government had hoped to receive from the electricity sale. Costa also added that electricity prices will rise.

Left in the hands of the unions and Labor "lefts", the movement against privatisation will continue to be led down a blind alley. This will allow Iemma to not only continue to carve up the electricity assets and carry out the inevitable slashing of power workers' conditions, but enable both his government and Rudd's to pursue a wider corporate agenda of privatising vital infrastructure and cutting social welfare.

The fight against privatisation, along with the wholesale destruction of public infrastructure at the behest of the market, requires nothing less than the development of a new political movement of the working class, entirely independent of the Labor and trade union apparatus and based on a socialist strategy for the reorganisation of society from top to bottom, in the interests of the vast majority, not the wealthy few. That is the perspective advanced by the Socialist Equality Party.



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