

# Australia: Despite inquiry backflip, NSW Labor pushes ahead with electricity selloff

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Even as it faces an almost certain landslide defeat at the March election, the New South Wales (NSW) Labor government remains determined to deliver to big business a major item that has been on its agenda since it first came to office in 1995: the privatisation of the state's lucrative electricity industry.

Media polls indicate that Premier Kristina Keneally's government will be wiped out—losing at least 30 of the 50 seats it holds in the 93-seat lower house. Like the proverbial rats leaving the sinking ship, some 20 current Labor MPs have already announced their resignations, along with several parliamentary advisers. Nonetheless, the government is pushing ahead with the power industry selloff—one of the many reasons it is so detested among working people.

The latest version of the privatisation package was announced by state Treasurer Eric Roozendaal shortly before midnight on December 14, just before he flew to New York to use the deal to retain NSW's AAA credit rating. Origin Energy will pay \$3.25 billion for electricity retailers Country Energy and Integral Energy, and the trading rights to the output of the Eraring power generator. China's TRUenergy has agreed to pay \$2.1 billion for the Energy Australia retail business, plus some Delta trading rights.

In an apparent about-face last week, Keneally announced that she and Roozendaal would appear before a parliamentary upper house committee into the terms of the sale. On December 22, she dissolved parliament in a blatant bid to block the Legislative Council inquiry. Keneally's sudden decision to testify has nothing to do with her proclaimed "commitment to transparency and openness". The reversal was more an attempt to take some of the heat out of the issue, fearing that it could re-ignite broad popular opposition in the lead-up to the state election.

Attempts by two previous state Labor premiers, Bob Carr in 1997 and Morris Iemma in 2008, to privatise the power industry had foundered in the face of deep hostility among power industry workers and throughout the working class. The political crisis that erupted in 2008, which led to Iemma's resignation, was only able to be contained because the trade unions and so-called Labor "lefts" restricted a campaign against the selloff to limited protests and brief ineffectual work stoppages, diverting it back into the arms of the Labor Party itself. The union and Labor apparatus closed down the campaign after the government agreed to accept the current "option B" of partial privatisation.

While still determined to proceed with the sale, Keneally is clearly worried about the continuing level of public anger. Speaking last week on her decision to appear before the inquiry she said she had "underestimated the level of public interest in these transactions".

Keneally is also evidently calculating that by appearing before the inquiry "to stand up and answer any questions," she can plug the flow of highly damaging revelations about the sale process. After her announced backflip, it was reported that none of the eight directors who resigned from the boards of Eraring Energy and Delta Electricity at the last minute over the terms of the sale would appear to give evidence because of the lack of parliamentary privilege and its legal protection.

Conflict of interest allegations have surfaced that could call into question the entire sale procedure. The allegations involve three of the new directors, who were hastily appointed by Roozendaal just before the deal went through, and who voted for it. The three appointees, Col Gellatly, a former director-general of the Department of Premier and Cabinet, Kim Yeadon, a

former NSW Labor minister and John Dermody, are all leading members of the government's Electrical Reform Taskforce, which prepared the sale package.

While the three are not paid for their new board positions, documents tabled in the Legislative Council record that Gellatly is paid \$540,000 per year as taskforce chairman. On the grounds of "commercial in confidence", Roozendaal has refused to disclose details of any remuneration paid to Dermody and Yeadon as taskforce project director and project consultant respectively.

Michael Adams, head of the law school at the University of Western Sydney, declared last week: "From a legal point of view I would argue that there is a conflict of interest because of the involvement of individuals in the decision to sell the business." Professor of Law at the University of Melbourne, Ian Ramsey, said that if the three directors were receiving performance fees as part of their sales team contract, this would prompt "red lights for scrutiny".

Keneally announced her decision to appear before the committee amid calls from opposition parties that she ask state governor Marie Bashir to recall parliament. A legal opinion commissioned by the Liberal Party warned that Keneally could be in contempt of parliament because her comments that the inquiry was illegal "had an inherent tendency to interfere with the due administration of the inquiry".

However, none of the parliamentary parties pushing the inquiry—the Liberals, Christian Democrats and Greens—has any fundamental differences with the privatisation of the electricity industry. In 2008, they all worked assiduously to ensure that popular hostility to the sell-off was guided back into safe parliamentary channels and dispersed. Their "opposition" to the current package amounts to nitpicking about the price.

The Liberals want the inquiry to only investigate the "impact the sale will have on electricity prices and whether taxpayers received value for money". The Greens, for their part, want to know how payments to the publicly owned companies for operating the generators will be calculated and "how the impacts of industrial action by the public sector power station workforce would be paid for".

Working people can place no faith in the parliamentary inquiry, or any of these political parties. Whichever government takes office after March—Labor,

Liberal or a coalition with the Greens—it will implement the demands of the corporate and financial elite for the sale of the remaining electricity assets and further privatisation across the board. This is the program not only of the state Labor government, but of its counterparts in other states, as well as the federal minority Labor government of Prime Minister Julia Gillard, to which the Greens have pledged their support.



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