

Australian state government to privatise electricity generators

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Defying widespread public opposition to the privatisation of the electricity industry, the Liberal-National Party government of New South Wales (NSW) announced last month the sale of the state's power generators. Premier Barry O'Farrell said he would introduce legislation enabling the sale as soon as state parliament resumed next year.

O'Farrell is confident he can proceed backed by the federal Labor government of Julia Gillard, which is on record as supporting the privatisation of electricity in NSW, and aware that the power industry unions are working to stifle opposition by their members.

The plan is to sell outright the generator companies, Eraring, Delta West, Delta Coastal and Macquarie Generation, along with electricity development sites. The newly-established state-owned Cobbora coal mine near Dunadoo in the state's mid-west will either be sold or leased. The government hopes to raise a total of \$5 billion.

The government will retain, for now, the state-owned electricity transmission network (poles and wires), estimated to be worth as much as \$30 billion. O'Farrell said the exclusion of the poles and wires fulfilled a promise he made before last March's election, in which the previous Labor government was swept from office in a landslide defeat. O'Farrell's decision, however, is purely tactical, and can be reversed at any time.

During the election campaign, O'Farrell was able to cash in on the popular opposition to Labor's repeated efforts to fully privatise the power industry. That resistance stymied two attempted sell-offs in 1997 and 2008.

Labor laid the basis for O'Farrell's privatisation scheme when it rammed through the sale of the state's electricity retail trading companies late last year in the dying days of its government. It did so in order to

please the international credit ratings agencies, which in turn maintained the state's AAA rating.

Labor's deal, rubberstamped at extraordinary late night state electricity board meetings, sold the highly lucrative assets for a song. It also gave the buyers substantial concessions, including financial guarantees against unplanned power outages, power failures and other interruptions to supply. Of the \$5 billion received, \$1.5 billion was invested in the Cobbora mine, which is now to be privatised.

In order to camouflage his plans during the election campaign, O'Farrell avoided any statement in support for electricity privatisation and instead promised a judicial inquiry into Labor's sale of the retail assets. In reality, the inquiry was a mechanism to fashion the next stage of the privatisation process.

In October, the inquiry concluded that Labor's sale "met all probity standards" and "the state had received value for its money." The findings effectively ended calls for the reversal of the sale on financial grounds and prepared the ground for O'Farrell's privatisation announcement. Any decision on the sale of the "poles and wires" was left to the government's discretion.

Even though the sale of the power generators will provide rich pickings for investors, big business condemned the exclusion of the "poles and wires." NSW Business Chamber chief executive Stephen Cartwright claimed: "Without full privatisation of the electricity sector we cannot hope to raise enough funds to improve infrastructure in NSW in any meaningful way." Infrastructure NSW chairman Nick Greiner, a former state Liberal premier, declared full privatisation "was necessary to fund new roads, rail and other infrastructure."

The state's peak union body, Unions NSW, and the power industry unions have admitted that hundreds of

jobs are threatened. The unions called lunchtime meetings of workers at Liddell, Bayswater, Vales Point and Eraring power stations to endorse resolutions to “continue the campaign against privatisation.” However, the unions are confining workers to protesting outside the offices of Liberal and National Party MPs and raising petitions to be served on the government.

At protest meetings before O’Farrell’s announcement, power workers and others were told to call their local government MPs to urge them to oppose the generator sell off. The bankruptcy of such appeals was demonstrated when National Party MPs promptly dropped their earlier suggestions that they would oppose the sale because they feared a political backlash in their regional seats, where some generators are located.

The unions have no real differences with privatisation. In fact, the Labor government’s partial privatisation was in line with the “plan B” proposals backed by Unions NSW in 2008 during the defeat of Labor’s last full sell-off bid. “Plan B” sought to hose down the opposition among power generation workers and isolate those employed in the electricity retail sector. The only real concern of the unions has been to maintain a position for themselves as labour bargaining agencies in any privatised set up.

NSW Labor Opposition leader John Robertson has also made mouse-like protests over the sale of the generators and warned it will lead to a \$550 increase in annual household electricity bills. Yet, as Unions NSW secretary in 2008, Robertson was central in drawing up “plan B” after containing working class opposition to Labor’s sell-off to limited protests.

Robertson was rewarded for his efforts with a parliamentary seat in 2008. He was quickly elevated into the ministry as Labor prepared to push through the privatisation of the electricity retail assets. As minister for corrective services in 2009, Robertson championed the privatisation of prisons.

The record shows that power workers can place no faith in Labor or the unions, which both enforce the dictates of big business and the financial markets. In order to defeat privatisation and defend jobs and conditions what is required is the building of new organisations of struggle, independent of the unions, based on a socialist program, including the public

ownership and democratic control of all essential utilities.



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