

Australian state government prepares to privatise railways

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Amid mounting pressure from the federal Labor government for state governments to sell off basic infrastructure and services, the New South Wales government is taking preparatory steps to further privatise its railway network.

The state Liberal government of Premier Barry O'Farrell is restructuring RailCorp, shedding hundreds of jobs and dissolving the corporation into two separate passenger entities, Sydney Trains and NSW Trains.

Breaking up rail assets into smaller parcels to attract corporate investors to take over the most potentially lucrative operations is a *modus operandi* that has been extensively utilised by governments, both in Australia and overseas.

Between 1995 and 2011, the previous NSW Labor government divided up and corporatised rail assets and operations in order to eventually outsource or privatise them. This led to the wholesale closure of rail facilities, such as maintenance workshops and track repair divisions, at the cost of thousands of jobs. Resultant cuts to fleet, track and equipment maintenance also contributed to two fatal train crashes, in 1999 and 2003, and numerous life-threatening accidents.

The current restructure involves the shedding of hundreds more jobs. An internal RailCorp document obtained by Fairfax Media last month revealed that RailCorp will axe another 690 jobs, on top of the 750 it announced in June. More than 400 maintenance jobs are to be eliminated. Other areas targeted include middle management, safety and risk-related jobs, station managers and incident management teams. Drug and alcohol testing is to be outsourced.

Deeper cuts will no doubt follow, with reports that the government's Booz & Co consultancy agency has recommended the elimination of 4,500 of RailCorp's 15,000 jobs.

The RailCorp restructure is bound up with the Transport Legislation Amendment Bill that was pushed through the state parliament's upper house in August. A new agency, Transport for NSW, has taken control of public transport, with the power to contract out all services.

There is now mounting big business agitation for the O'Farrell government to move more quickly. Earlier this year, Infrastructure Partnerships Australia, a corporate lobby group, urged the government to immediately offer franchises to private firms to operate the Sydney Eastern Suburbs rail line and the Illawarra line, from Sydney to the state's south coast, along with the CountryLink passenger carrier. The group proposed a special commission of inquiry to determine the future of the rest of the rail network.

Such moves are being pushed and encouraged by the Labor government in Canberra. In October, Infrastructure Australia, a statutory body tasked with providing policy advice to the federal government, published a report demanding that state governments privatise a raft of publicly-owned assets, including in energy, water, transport and plantation forestry.

Last month, Prime Minister Julia Gillard released an energy industry white paper, calling for the accelerated sell-off of electricity assets. According to media reports, Federal Treasurer Wayne Swan is now proposing to facilitate a wave of privatisations by allocating to the states billions of dollars' worth of corporate income tax, currently collected from government-owned corporations, to compensate for the loss of revenue once these assets are sold.

State governments, both Labor and Liberal, have already undertaken extensive privatisation of rail services, most notably in Victoria where all public transport assets were sold off in the 1990s by the

Liberal government.

In addition, successive federal and state governments have combined to almost completely sell off the profitable rail freight businesses across the country. In 1992, the largely Commonwealth-owned National Rail Corporation (NRC) took over interstate rail freight operations from the Australian National Rail Commission. Ten years later, the NRC's freight operations and rolling stock were combined with the NSW government-owned FreightCorp and sold off to Toll Holdings and Patrick Corporation.

In 2010, the Labor state government in Queensland sold all but 34 percent of the state-owned freight arm QR National, which hauls bulk freight such as coal and iron ore. Hundreds of jobs were destroyed in the process. In preparation for that sale, the government divided the state's rail operations into Queensland Rail and QR National.

Despite an election promise to delay any further asset sales until after the next state election, the current Queensland Liberal National Party (LNP) government of Premier Campbell Newman is continuing with Labor's rail disinvestment plan. In August, it announced the sale of more than half of its remaining QR National shares for \$1 billion. The freight company has since been rebadged as Aurizon Holdings Limited.

Earlier this year, Queensland Treasurer Tim Nicholls refused to rule out the future sale of the passenger rail arm, Queensland Rail (QR), declaring that the state was \$65 billion in debt. QR employs more than 7,000 people and has assets worth more than \$6 billion. In September, Transport Minister Scott Emerson announced that 500 jobs would be cut at QR via so-called voluntary redundancies.

Both state governments are proceeding knowing that the rail unions will help facilitate the restructuring, including the attacks on jobs and working conditions. Over the past three decades, the rail unions have collaborated with Labor and Liberal state governments alike to eliminate thousands of jobs, shutter maintenance workshops and close so-called unprofitable lines.

In NSW, the Rail Train and Bus Union (RTBU) did nothing when RailCorp announced earlier this year it would transfer 870 Presentation Service staff to a new division, with management sourced from outside — a major step toward the complete privatisation of rail

cleaning services. Nor has the union opposed the winding up of RailCorp's in-house rail security division at the cost of hundreds of jobs.

Last month, the RTBU called a meeting of delegates, concerned that growing anger among rail workers could erupt outside its control. The resolution put to delegates did not propose industrial action to oppose the government's attacks, claiming that "groundwork" had to be done first. The resolution called for "any further changes affecting transport in NSW to be done as part of a transparent process." This was simply an appeal to the government to confer with the union bureaucrats to implement its plans.

The primary preoccupation of the union leaders is to maintain their privileged position as facilitators and enforcers of the underlying corporate agenda. At the same time, they are anxious to channel the discontent of workers back behind the re-election of Labor governments—the very governments that have spearheaded the privatisation drive since the 1980s.

In Queensland, in the face of massive popular opposition to the state Labor government's wholesale selloff of public assets, including QR National, the unions assisted the state Labor government to proceed. The unions contained all opposition by rail workers to limited protests and rallies. In response to the current government's latest announcement of 500 QR job cuts, the rail unions are again urging the management to utilise so-called voluntary redundancies, as a means of suppressing resistance.



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