

Australian state government to slash hundreds of electricity jobs

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Networks NSW, which manages the state-owned electricity distribution companies in New South Wales—Ausgrid, Endeavour Energy and Essential Energy—has confirmed that it will eliminate 2,749 jobs, or one in four current positions. The jobs will be axed in two phases, with about 1,400 to go in September and the remainder from October.

The job destruction, which does not include 652 “voluntary” redundancies already in the pipeline, is designed to drastically slash operating costs at Ausgrid and Endeavour Energy to make their sale more attractive to potential buyers. Essential Energy will remain state-owned—its job cuts are being made to bolster government dividends.

The announcement came just days before the state Liberal government pushed legislation through parliament on July 3, enabling the privatisation of Ausgrid and Endeavour Energy, and Transgrid, a state-owned high voltage network company, in the hope of raising \$30 billion. Premier Mike Baird hailed the bill’s passage as “a milestone in the history of the state.”

Christian Democratic Party parliamentarians Fred Nile and Paul Green supported the bill. Nile cynically claimed that his party voted for it because the government accepted amendments committing future owners of the companies to a five-year job guarantee. The “guarantee” does not apply to the just-announced job destruction.

Regional electricity provider Essential Energy will cut 1,395 positions, more than half the total job losses. Ausgrid and Endeavour, which provide electricity to Sydney, Newcastle and Wollongong, the state’s highest population areas, will axe 1,100 and 254 jobs respectively.

The first tranche of job cuts will include workers

previously “redeployed” after their positions were ruled “surplus” to requirements. Additional positions will be eliminated by forcing workers to reapply for jobs, subjecting them to a “merit-based” selection process. Management has made clear that those who refuse to take a so-called voluntary redundancy could face sharply reduced severance payouts in the future.

The Electrical Trades Union (ETU) and the United Services Union (USU) responded with complaints that Baird government reneged on a pre-election promise to “consult” with the unions. The trade unions’ principal concern is that they are excluded from the redundancy process, undermining their role as labour brokers.

The unions have actively collaborated with state- and privately-owned companies to eliminate tens of thousands of jobs via “voluntary” redundancy arrangements enshrined in union-negotiated enterprise work agreements. Under these arrangements, Networks NSW eliminated 3,700 administrative and frontline positions between July 2012 and June 2015.

Before the latest jobs cuts, the unions issued a media release declaring their commitment “to work with Networks NSW and the Baird government” to identify “options” to achieve the downsizing, including via redeployment and early retirement.

Since then, ETU state secretary Steve Butler has made even clearer the unions’ willingness to assist. In a July 2 letter to the Networks NSW CEO Vince Graham, Butler wrote: “[I]t is the union’s position that the issue of redundancy is a matter for agreement negotiations *where the union is more than happy to understand the details of both Ausgrid’s and Essential Energy’s present situation*” (emphasis added).

The unions have played a pivotal political role in facilitating the privatisation of the distribution companies. During this year’s NSW state election

campaign, they attempted to divert popular opposition to the government's planned sell-off, cynically claiming that a Labor government would defend jobs.

The Labor Party fraudulently postured as an opponent of the privatisation. In fact, the previous Labor government laid the basis for the sell-off of electricity assets, pushing through legislation to privatise the state's retail electricity businesses just before being swept from office in the 2011 state election on a wave of popular hostility to its pro-market agenda. If Labor had been elected in NSW this year it would have found a way to ditch its so-called opposition to privatisation.

Following the Baird government's re-election, the unions claimed that privatisation and associated job cuts could be prevented by appealing to the right-wing Christian Democratic Party. USU energy manager Scott McNamara declared in May: "We (the power unions) are also calling on Fred Nile—who indicated that strong employment protections would be required for him to support this sale—to make clear to the Baird government that it must consult in good faith with the workforce of these three public companies."

In May, NSW Labor leader Luke Foley fully backed the job cuts flagged by Networks NSW in response to pricing rulings by the Australian Energy Regulator (see: "Labor backs move to sack thousands of electricity workers").

Last month, Foley reconfirmed his party's support for privatisation in a state budget reply speech. Declaring that "private and not-for-profit sectors should play a significant role in the delivery of our public services," he urged the Baird government to move toward the privatisation of the state's entire public housing stock.



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