

Australia: Ausgrid plans far-reaching restructure ahead of privatisation

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3 October 2015

A leaked internal briefing document published in the media last week revealed a plan by the New South Wales (NSW) state-owned power distributor Ausgrid for a large-scale restructure of its operations to prepare the company for privatisation next year. Ausgrid provides electricity to 1.6 million customers in Sydney, Newcastle, the Hunter Valley and the NSW Central Coast.

In July, Premier Mike Baird's state Liberal government, with the aid of the Christian Democratic Party and Greens, pushed legislation through parliament enabling the privatisation of the state's distribution companies, Ausgrid and Endeavour Energy, as well as the state-owned high voltage network company Transgrid, in the hope of raising \$30 billion.

Ausgrid's plan, *Initiatives and Wave Timing*, will close depots, phase out apprenticeships, sell off training facilities and outsource call centres. The move could destroy hundreds more jobs on top of the 1,100 job losses already announced across the company's operations. Networks NSW, which manages the state's three power distribution businesses, plans to shed a total of more than 2,800 jobs in Ausgrid, Endeavour Energy and Essential Energy.

Transgrid, which manages 99 bulk electricity substations and 12,900 kilometres of power lines, will escape layoffs for now but is expected to be fully privatised via a long-term lease by the end of the year.

The Ausgrid document states that the "consolidation" of depots—in reality closures—is "commencing or underway," as is "phase one" of the outsourcing of some network operations. A second wave of outsourcing will begin in December.

Another phase, titled *2016 and beyond*, includes selling off Ausgrid's Silverwater Learning Centre in

Sydney that was opened only four years ago at a cost of \$75 million. Australia's largest electrical training facility is home-base for the company's apprentices and employs around 125 other staff.

Ausgrid will outsource its technical training program and begin to "phase out" apprenticeships in 2016. Earlier this year, the company told 130 apprentices they would be offered only six-month contracts instead of full-time jobs. It will also outsource many "back office processes."

Job cuts are proceeding rapidly across the state's other distribution network companies. Last month, Endeavour Energy, also up for privatisation, announced it would axe a further 120 jobs, on top of the 115 cut via "voluntary" redundancies since July, and flagged another 135 to go later this year—totalling nearly a fifth of the company's workforce. The company also refused to offer jobs to 15 electrical apprentices who graduated in January and offered the 41 remaining graduates only six-month contracts.

Regional electricity provider Essential Energy, which will remain state-owned for now, confirmed last month it will slash a further 300 jobs on top of the 400 employees who have already left the company or accepted "voluntary" redundancies. Altogether, Essential Energy plans to shed 1,395 positions in about 70 country towns.

While making noises about the latest Ausgrid revelations, the Electrical Trade Union (ETU), which covers electricity distribution workers, is working to facilitate the Baird government's privatisation and cost-cutting agenda.

The power trade unions have done everything possible to prevent any unified struggle by workers across the electricity distribution companies, while appealing to Baird to abide by a pre-election promise to

“consult” with the unions—that is to fully incorporate them into the redundancy process.

Before the onset of job cuts in July, the unions issued media statements declaring their commitment to work with the companies and the Baird government to identify “options” to achieve the downsizing, including via redeployment and early retirement.

The unions do not oppose job cuts but would prefer they be achieved via so-called voluntary redundancies because they fear that forced retrenchments could provoke rank-and-file opposition that could get out of their control.

The unions claimed that job cuts could be averted by appealing to the right-wing Christian Democratic Party and its leader Fred Niles to add job protection clauses to the enabling bill. Niles facilitated the legislation’s passage after the government accepted amendments supposedly committing future owners of the companies to a five-year job guarantee.

This was a cynical exercise, aimed at preventing any eruption by workers as the bill was guided through parliament. The “job guarantee” amendments lauded by the unions did nothing to prevent the current avalanche of job cuts, nor will they prevent future job shedding.

Similar four-year job guarantees were promoted by the unions ahead of the privatisation of the state’s power generators in 2013. New owners Origin Energy are now pushing workers to accept redundancies at one power station.

In an attempt to keep power workers trapped in this blind alley, ETU assistant secretary Dave McKinley declared last week: “Crossbench MPs, and in particular Fred Nile, must hold Ausgrid and the government to account and prevent their attempt to circumvent the job and service protections passed earlier this year.”

The privatisations and job cuts are being carried out under the current Liberal government, but the path was laid by the previous state Labor government. It pushed 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.

During the March 2015 state election, the Labor Party claimed to oppose the Baird government’s selloff, but in May, state Labor leader Luke Foley 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”).

The following 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 privatising public housing. Foley also reiterated his support for the sale of state-owned ports in Newcastle, Port Kembla and Sydney.

A stand must be taken against the escalating assault on jobs that is condemning ever-greater numbers of workers and youth to permanent unemployment. A unified struggle by workers across the entire power industry will mean a direct confrontation not only with the government and the corporate elite but with Labor and the trade unions, which enforce their dictates.

To defend jobs requires the establishment of rank and file committees to turn out to all other sections of workers—across the steel, mining, car and engineering industries—facing the destruction of jobs and conditions. This struggle can be sustained only on the basis of a socialist perspective to fight for a workers’ government to reorganise society to meet social need, not private profit.



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