

# Industrial court endorses massive pay cuts at Australian power station

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The Fair Work Commission (FWC), the federal government's industrial tribunal, yesterday granted an application by AGL to terminate the existing workplace agreement at its Loy Yang A power plant in the Latrobe Valley, about 150 kilometres east of Melbourne.

The decision clears the way for the energy giant to impose massive pay cuts—estimated at between 30 and 65 percent—on its 570 employees, and tear up working conditions and entitlements for which workers have fought for decades.

The FWC intervention is the latest stage in a sweeping assault on the jobs, wages and conditions of energy workers in the Latrobe Valley and throughout the country, overseen by successive Labor and Liberal-National governments, assisted by the trade unions.

FWC deputy president Richard Clancy made clear that the ruling was aimed at helping AGL push ahead with a pro-business overhaul of Loy Yang. “I am persuaded that a change in the status quo through the termination of the agreement will better support good faith bargaining for a new agreement that delivers productivity benefits,” he said.

In other words, the decision is intended to bludgeon the workforce into accepting a deal that will boost the plant's profitability and destroy existing conditions, following an 18-month dispute over a new enterprise bargaining agreement.

Workers overwhelmingly rejected two previous agreements put forward by the company, which removed clauses relating to overtime, manning levels, pay and working conditions. AGL also sought to tear-up job security provisions, paving the way for forced redundancies.

By abolishing the existing agreement, AGL can place most of its workforce on the base rate under the 2010 Electrical Power Industry Award. In October, the

*Latrobe Valley Express* reported that a letter signed by Loy Yang's general manager Steve Rieniets showed that under that award, weekly wages for a unit attendant would plummet 65 percent, from \$2,787 to \$1,014. The company is also seeking to halve its overtime wage bill, from \$20 million per year to \$10 million.

One anonymous worker told the *Sydney Morning Herald* he was “flabbergasted” by the FWC ruling. “Yes we are on quite reasonable salaries, but it's not extravagant compared to other plant operators around Australia. The award is for minimum basic electrician wages—we are not basic electricians, we are operating a major power station.” Loy Yang A generates up to 30 percent of the state of Victoria's electricity supply.

The tribunal decision sets a precedent for wage cuts that will be used against other workers across the country. This is a direct product of the actions of the trade unions covering the power station.

Last month, the Construction Forestry Mining and Energy Union (CFMEU) and the Electrical Trades Union (ETU) called off a one-day strike scheduled for December 28, without consultation with their members. The move followed a notice from AGL declaring it would retaliate by locking out the workforce. The Victorian state Labor government, which is supported by the major unions, also threatened to intervene through the FWC to prevent industrial action.

Union officials, having already stated that any strike would merely seek to “pressure” the company, responded by showing they were anxious to strike a deal with AGL, at the expense of their members.

Geoff Dyke, Victorian district secretary of the CFMEU's Mining and Energy division, told the media the union had offered 30–40 major concessions in order to “reach an agreement” with AGL. Dyke and other officials complained that AGL had held no backroom

meetings with them for up to eight months. Thus, the union's real concern is to preserve its own position at the bargaining table.

The role of the unions at Loy Yang is paralleled throughout the energy and mining sectors. At power plants and mines around the country, the major corporations are using the slump in commodity prices and the global economic crisis to justify the destruction of working conditions and basic rights.

Time and again, the unions have isolated workers, collaborated with company managements, and promoted illusions in the FWC, a pro-business tribunal established, with the support of the unions, by the last federal Labor government.

In December, the FWC banned a strike by workers at Esso Australia (ExxonMobil)'s gas operations in southeastern Victoria. Workers were fighting moves by Esso to overhaul staffing and shift arrangements, and destroy mandated pay arrangements, in a bid to cut wages by 40–50 percent.

The state Labor government applied to the FWC to outlaw the strike, under Labor's Fair Work laws, because it would "have a huge and damaging impact on Victoria." The unions had repeatedly appealed to the FWC to intervene in the dispute.

In the Latrobe Valley, the unions have overseen the destruction of thousands of jobs over the past three decades. Since the Victorian Labor government of Joan Kirner began the privatisation of the state's electricity industry in the early 1990s, up to 15,000 jobs have been lost in the region. The number of power workers across the state declined from 21,500 in 1990 to 8,000 in 2005.

The unions are now enforcing the shutdown of major sections of the energy sector.

Last November, ENGIE, a French multinational, announced it would close the Hazelwood power station in the Latrobe Valley, destroying 450 permanent jobs and 350 casual positions. The CFMEU acknowledged that it had heard "talk" of the closure plans for years. The union touted the company's worthless claims that it would retrain workers. It called for the shutdown, slated for March, to be carried out in a "phased out way" to help prevent workers' opposition from erupting.

At the nearby Maryvale paper mill, the CFMEU is seeking to coerce more than 900 workers to accept a 5

percent pay cut, worth up to \$100 a week. According to the *Herald Sun*, there is substantial opposition to the union-company attempts to blackmail workers into accepting the wage cut by threatening to close the plant.

There is already a dire social crisis in the Latrobe Valley. Unemployment in the town of Morwell stands at an estimated 19.7 percent, and a 2015 report listed it among the seven most disadvantaged areas in Victoria. An entire generation of young people faces a future without a permanent, full-time job.

Workers at Loy Yang, Maryvale and Hazelwood have to take a stand. The only way to oppose the race to the bottom being imposed by state and federal governments and the major companies is to break with the trade unions and strike out on a new path. A struggle in defence of jobs, wages and conditions requires the formation of rank-and-file committees to organise a genuine industrial and political fight-back.

Such committees would break the isolation imposed by the unions. Energy workers, who run a strategic sector of the economy, could make a powerful appeal to other sections of the working class throughout the Latrobe Valley and around the country for coordinated strikes and other industrial action.

Above all, a new political perspective is required. Labor, the Greens and every capitalist party is committed to making the working class pay for the deepest crisis of the profit system since the 1930s. The alternative is the fight for workers' governments that will carry out socialist policies, including placing the energy conglomerates and major corporations under public ownership and workers' control.



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