

Australia: Labor and unions facilitate Hazelwood power station closure

Frank Gaglioti
5 April 2017

On March 31, the French multinational ENGIE closed the Hazelwood coal-fired power station in Victoria's Latrobe Valley, ending 52 years of operations and destroying 450 permanent positions along with 300 casual and contracting jobs.

Facilitated by the Construction Forestry Mining and Energy Union (CFMEU) and the state Labor government of Daniel Andrews, the shutdown is part of a broader offensive against the working class and will exacerbate the social crisis in the Latrobe Valley, a former industrial centre hit by decades of job cuts.

Unemployment in Morwell, where the plant is located, is already estimated at 19.7 percent, with rates of youth joblessness far higher.

According to the company, the shutdown process will continue until the end of May, including the removal of contaminants. The complete decommissioning of the site is expected to take five years.

ENGIE announced last November that the plant was closing because it was no longer economically viable. The ABC revealed that in order for the plant to be brought into line with health and safety standards, large scale improvements would have to be made to five of its eight boilers. The company rejected calls that it carry out these changes, claiming it would have cost \$400 million.

The shutdown is part of a global restructuring by ENGIE, aimed at reducing annual costs by €10 billion to €20 billion, through a turn to the lucrative renewable energy market. It is leading to thousands of job cuts around the world, including up to 10,000 in France over the next three years.

The closure will deepen the Australian energy crisis resulting from the privatisation of the sector by successive Labor and Liberal-National governments, and its subordination to the immediate profit interests

of the major companies. The Australian Energy Market Operator forecasts that in the wake of Hazelwood's shutdown, Victoria faces a possible "reserve shortfall" in power for 72 days over the next two years, raising the prospect of widespread blackouts.

Private energy operators and shareholders will make millions from the closure due to reduced output. The contract prices to provide electricity for Victoria in June hit \$147.50 per megawatt hour this month, compared to \$80 for March (see: "Australian energy crisis exposes market failure").

The CFMEU and the Victorian Labor government collaborated with the company to ensure an orderly closure and to prevent any opposition emerging from Hazelwood's workforce.

Trevor Williams, the union's mining and energy president for Victoria, responded to the shutdown announcement in November by signalling the CMFEU's support. "If it needs to be closed we believe it should be done in a phased-out way which would give us an opportunity to make arrangements for the workers," he said.

To peddle the fraud of alternative "arrangements," the Labor government, with the support of the union, unveiled a \$22 million "transfer scheme partnership" on March 9. It claimed that up to 150 Hazelwood workers could be redeployed to other electricity generating plants.

In reality, the scheme, which covers just one in five workers at the plant, will not create a single job. AGL, the private operator of the nearby Loy Yang A power station, is the sole company to sign on to the deal. Hazelwood workers will only be offered employment if the same number of AGL employees accept early retirement packages.

In other words, the government is handing over

millions of dollars to AGL to push through further job cuts via retirements, without any guarantee of long-term employment for redeployed Hazelwood workers. The CFMEU and the Australian Council of Trade Unions have hailed this fraud as an advance in “best practice” and a model to be emulated elsewhere.

The reality is that many of the workers will not find jobs again. Hazelwood is the ninth coal-fired power generator to close in Australia since 2012. There is speculation that the three other coal-fired power stations in the region may also end their operations.

The Latrobe Valley has already been decimated, largely as a result on the privatisation of the energy sector, begun by the state Labor government of Joan Kirner in the early 1990s. Across Victoria, there were just 8,000 power jobs left in 2005 following the completion of privatisation, compared with over 21,000 in 1990. Around 6,000 of the job cuts were in the Latrobe Valley.

Those workers who remain in the region are being subjected to any unending assault on their wages and conditions.

AGL abolished the existing enterprise bargaining agreement at Loy Yang A in February, with the support of the Fair Work Commission, the pro-business industrial tribunal created by the last federal Labor government with the support of the unions. As a result, highly skilled power workers face the prospect of pay cuts of between 30 and 65 percent.

At the Maryvale paper mill, also in the Latrobe Valley, the CFMEU imposed a five percent pay cut on up to 900 workers last month.

The protracted onslaught has created a social catastrophe. According to Christine May from the Youth Support and Advocacy Service, the region has twice the state average of entrenched unemployment, chronic substance abuse and family violence.

Australian Medical Association president Dr Michael Gannon likewise warned that the health consequences of unemployment and dislocation stemming from the Hazelwood closure may outweigh the impact of reduced carbon omissions.

Workers from the region who seek employment elsewhere will be confronted by the consequences of a spate of union enforced job cuts across manufacturing and in the resources sector.

The shutdown of the car industry, which will be

completed at the end of the year, is predicted to lead to indirect job losses of up to 200,000. The National Australia Bank estimated that 46,000 jobs were eliminated in the mining and resources sector between 2012 and 2015 and predicted another 50,000 jobs cuts over the next two-and-half years.

The central role of the unions in facilitating this onslaught and the Hazelwood closure underscores the need for workers to break with these thoroughly corporatised entities and take up an independent political and industrial struggle in defence of jobs, wages and working conditions.

Paul, a Hazelwood worker, spoke to the WSWS after the closure. “The jobs scheme is a fraud,” he said. “All the state government is trying to do is appease a few people. It is never going to happen. That amount of people are not going to leave from Loy Yang A. Maybe ten people will leave at most.

“The unions and the government have been compliant in the destruction of jobs. The unions, in collusion with the government, gave ENGIE concessions to close. They let them off with massive stuff, including on environmental protection.”

Speaking about the privatisation of the sector, Paul said, “It was both Labor and Liberal. Kirner started it as Labor premier and Jeff Kennett finished it as Liberal premier. Kirner gave Kennett the mechanism to sell it off.”

Paul commented on the social consequences of the closure. “I won’t move away from the valley, my family is all there,” he said. “But it is terrible. Morwell in particular used to be the hub of the valley. Now it is turning into the wild west. It is not a safe place to walk around. So many shops are not open. It is a disheartening thing to see.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact