

Sri Lankan government pushes electricity privatisation through the parliament

Wimal Perera**13 June 2024**

The Sri Lankan parliament passed the electricity reform bill on June 6, as part of the restructuring of state-owned enterprises (SOE) demanded by the International Monetary Fund (IMF) and in line with the conditions of its \$US3 billion bailout loan.

The opposition parties, including the Samagi Jana Balawegaya (SJB) and the National People's Power (NPP), the electoral front of the Janatha Vimukthi Peramuna (JVP), voted against the bill in the second reading. These parties, however, then allowed parliament to approve the final bill without a vote.

The Sri Lanka Electricity Bill repeals the 1969 Ceylon Electricity Board (CEB) Act and subsequent laws regarding the electricity industry. The CEB has been the country's main supplier, having the power to generate, transmit and distribute electrical energy, to reach all categories of consumers and collect the revenue. Established as a state entity, it provided limited subsidised tariffs to consumers.

The new bill, which becomes law as soon as the Parliamentary Speaker signs it, will unbundle the CEB into 12 newly-created companies that will take over all its activities. The power and energy minister will appoint their boards of directors. Although these companies will initially remain under government ownership, they will eventually be privatised or commercialised.

Prior to its passage, the opposition SJB, NPP and about two dozen other groups filed petitions in the Supreme Court which ruled that the Bill violates Article 12(1) of the Constitution ensuring "equality before the law." The court, however, recommended amending 13 out of 54 clauses of the Bill, which if accepted would allow it to be passed through parliament with a simple majority.

The government, of course, accepted the amendments, with Power and Energy Minister Kanchana Wijesekera stating that the amendments would be incorporated in the Bill's final, third stage.

The amendments relate to the minister's power to appoint the directors of the boards of companies created under the new law. They do not change the main thrust of the law

which is to open the way for profit-hungry local and international investors to exploit this highly lucrative industry.

Notwithstanding the posturing of the opposition parties, their decision to allow the bill to pass without a vote makes clear that they have no fundamental differences with the government on privatisation of the CEB or any other SOE. The SJB, NPP/JVP and other opposition parties are fully committed to the IMF's austerity program.

Restructuring the CEB will result in the destruction of thousands of jobs, the slashing of wages and other rights, and the driving-up of workloads to boost the profits of the companies now formed in preparation for privatisations.

Addressing a parliamentary select committee in February, CEB General Manager Narendra de Silva said that the company only had about 22,000 employees—down from 24,000—and admitted that management planned to reduce the existing workforce to just 18,000. The job destruction, however, will not end there.

On June 7, the Ceylon Chamber of Commerce (CCC), Sri Lanka's main business lobby, issued a statement hailing the Bill as a "landmark decision"—one it has been "advocating for the past few years."

The restructuring process began with an Act of parliament in 2002. The government, however, was unable to implement its proposals in the face of widespread opposition by the working class and urban and rural masses, who feared losing the limited electricity subsidies.

Two decades later, the global economic turmoil created by the COVID-19 pandemic and the US-NATO proxy war in Ukraine drastically hit Sri Lanka. This resulted in the eruption of popular opposition with mass struggles from April to July 2022 that forced the resignation of President Gotabaya Rajapakse and the downfall of his government.

The betrayal of the mass movement by the trade unions and pseudo-left groups created the conditions for Ranil Wickremesinghe to be elevated into the presidency, who ruthlessly pressed ahead with the IMF's brutal program. This includes the privatisation or commercialisation of

hundreds of SOEs, major attacks on welfare programs and other revenue-gathering measures through massive tax increases and devaluation of the currency.

Praising the so-called electricity reform bill, Minister Wijesekera claimed the measure would benefit the masses. This is a lie. The government rapidly scrapped energy subsidies, raising electricity tariffs by 75 percent in August 2022, 66 percent in February 2023 and an additional 18 percent last July. These increases had a devastating impact on the poor.

Last year, the CEB and the state-controlled LECO company disconnected electricity to 1.06 million consumers unable to pay the new rates. The higher tariffs, however, saw rising income for the CEB, which garnered 84.6 billion rupees in profit during the January–March quarter this year.

The trade unions, many of which are affiliated to the ruling and opposition capitalist parties and totally committed to the IMF agenda, are the main prop of the Wickremesinghe government, allowing it to carry out its restructuring of SOEs and other austerity measures.

The CEB trade union bureaucracies are a case in point, having played an essential role in this process.

On June 6, as the Electricity Bill was being discussed in parliament, several CEB unions, including the JVP-controlled All-Ceylon Electricity Employees Union (ACEEU), held a futile “silent protest” of about 100 members outside CEB’s head office in Colombo. The union leadership only called this protest to posture as opponents of the government’s move.

When the Bill was passed in the parliament that evening, Ranjan Jayalal, a leader of the JVP and the ACEEU, told the media: “We knew these law makers would pass the bill. They have no mandate to take decisions on SOEs. This government will have to go home, and they deserve a defeat.”

Jayalal then cynically claimed that the Electricity Act will only be active in six months and that the current government will not be in office. He praised the Supreme Court for ruling that the bill was unconstitutional.

The JVP is seeking to divert the mass opposition to the privatisation into its campaign in the presidential election. However, its candidate Anura Kumara Dissanayake has publicly declared the JVP’s support for the IMF’s dictates and, if elected, will implement the IMF measures just as ruthlessly as Wickremesinghe.

When the Electricity Bill was originally presented to parliament on April 25, Jayalal was even more explicit. Addressing a protest of a few dozen trade union officials

near parliament, he declared that even if the restructuring bill was passed the Wickremesinghe regime would not be in power to enact it.

Opposing industrial action against the government, he declared, “We [need to] think twice about taking strong measures if we suffer ourselves. We have not had any strike action since 1996.” This referred to a three-day strike that was crushed by President Chandrika Kumaratunga in a military operation against the strikers.

Jayalal went on to explain: “If the health employees go on strike, patients suffer. When railway workers go on strike, passengers are affected. We know that if CEB workers strike, the country goes dark and 20 million people will suffer.”

In other words, Jayalal simply repeated the same propaganda churned out by every capitalist government, the corporate media and the ruling elite whenever workers take action to fight for their rights.

When tens of thousands of CEB workers held a three-day sick-leave campaign in early January this year, the government retaliated by suspending 62 employees. The CEB trade unions refused to lift a finger to defend their members or fight for their reinstatement.

The JVP-controlled unions and other trade union bureaucracies are deliberately working to demobilise workers and keep them tied to the parliamentary framework. Jayalal’s arguments indicate what JVP/NPP will say to justify repressive action against the working class if it were in power.

Workers in the CEB and all other public sectors must reject these pro-capitalist trade union bureaucracies. They should reject the empty promises of the JVP/NPP, which has made clear that it will carry out the dictates of the IMF and impose more misery for working people.

We call upon workers to form their own independent action committees as fighting organs to defend their jobs, wages and working conditions against government attacks. What is required is the mobilisation of workers and the rural masses to place all SOEs under democratic control of the working class, as an integral part of a broader fight for a workers’ and peasants’ government to implement a socialist and internationalist program.



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