



Essential Energy CEO says job cuts only halted for 12 months, as CEO and Minister grilled

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BOTH Energy Minister Matt Kean and Essential Energy CEO John Cleland have been unable to guarantee 182 jobs on the chopping board at Essential Energy are safe, beyond 12 months.

The Minister and CEO appeared before the NSW Energy and Environment upper house committee on Friday, September 13.

Questions at the budget estimates hearing centred around job cuts at the state-owned corporation.

On July 3 Essential Energy announced at least 165 jobs would go from a range of locations, with the hardest hit location likely to be Port Macquarie.

That figure was later increased to 182 on July 4.

On August 20 Minister Kean announced he was issuing a directive to CEO John Cleland to halt the proposed job cuts.

It was revealed during the budget estimates hearing on September 13 Minister Kean had only issued a "draft directive" to John Cleland to halt the job cuts because it still had to go through "proper process".

This is despite telling Parliament on August 20 that he would do it that day.

"Today I intend to issue a directive to the Chief Executive Officer of Essential Energy to halt the proposed job losses," he told Parliament on August 20.

At the budget estimates hearing Minister Kean backtracked from his comments in Parliament.

"We have not formally issued a direction yet," he admitted.

"A draft direction has been provided to the relevant Ministers.

"The direction will be issued as soon as it goes through our Expenditure Review Committee process.

"As you would know, under the SOC Act we have to compensate Essential Energy for halting the job cuts.

"We will be going through the proper processes to make sure that we are able to compensate it in the appropriate way."

Mr Kean was also unable to give "categorical assurance" that the 182 job cuts will not be put back on the table for the rest of the term of this Parliament.

And he would not guarantee plans for 500 more jobs to be axed (later clarified as 400 by John Cleland) by the electricity distributor by 2024 would be shelved as well.

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Minister Kean was repeatedly asked by Labor's Adam Searle why he did not inform CEO John Cleland of the Premier's assurance that "every rural and regional community that their government jobs are protected" .

Premier Berejiklian gave the assurance on June 18.

Under the State Owned Corporations Act the Minister can notify the board of a public policy and that would be binding on the board.

Shadow Energy Minister Adam Searle argued it took Minister Kean "five weeks to act".

Minister Kean defended his position.

"Everyone is happy that the Government stepped in to protect rural and regional jobs," he said.

"I have a press release from the Electrical Trades Union who say, 'Our members could not be happier with the announcement that these job cuts have been halted'".

CEO defends job cuts CEO of Essential Energy John Cleland defended the process around the proposed job cuts.

He said he had been "very open in the fact that Essential Energy will ultimately end up employing less people than it does today".

"I have been very open in that position with employees and other stakeholders," he said.

Mr Cleland confirmed he had received no notification at the time of the Premier's statement on June 18 that no regional jobs should go.

"Essential Energy has not received a direction from Government since the Reverse Osmosis plant was built in Broken Hill," he said.

Mr Searle asked Mr Cleland for a response to a comment by the Deputy Premier John Barilaro that he had "lost confidence" in him in his role as chief executive.

Mr Cleland appeared unperturbed by this.

"This is a matter entirely for the board of Essential Energy, I do not hire or fire the CEO that is the role of the board," he said.

Mr Cleland also confirmed the draft directive for the jobs halt by the Government is only for 12 months.

"I have no understanding of what would happen after that 12 months," he said.

"That would entirely be a matter for the Government and any subsequent direction they chose to make," Mr Cleland said.

He said the 182 jobs would save the company 23 million per annum, at a time of rising electricity costs.

Mr Cleland was also questioned about the companies safety record.

These questions centred around a report that was allegedly commissioned in September 2017 where a trial was conducted over a two week period that identified, according to Labor MLC Mark Buttigieg, several faults and a "proportion of them were identified as critical or requiring urgent follow up".

Mr Cleland was not aware of the report and took the question on notice.

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