

Electricity Privatisation (Gentrader Transaction) Inquiry: submission writing guide

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7 January 2011

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Be heard: let the NSW Upper House Inquiry know what you think of the sell-off

Submissions to the NSW Upper House Inquiry into the 'Gentrader transaction' are being accepted until 15 January 2011. The terms of reference for the inquiry are copied below.

Further details about the inquiry, including how to lodge your submission, are available at <http://j.mp/gentrad>. For more details about the power sell-off, visit <http://j.mp/jk-stop-sell-off>.

Some points you might like to make about the sell-off:

- ◆ All power privatisations are **bad for the economy, employment, household power bills and the environment**.
- ◆ This power sell-off is particularly bad: profits from the sale of electricity are being handed over to the private sector, but **many of the financial risks remain with the public**.
- ◆ **Reducing NSW's contribution to climate change will be much more difficult and expensive** if the private sector has control of the generator outputs. The power industry creates 40% (60 million tonnes CO2 per year) of this state's greenhouse gas emissions.
- ◆ **Household power bills will increase** as the gentraders seek to make more profit.
- ◆ **Jobs will be lost** after the protection period expires. Call centre work will be sent overseas.
- ◆ **NSW is losing a valuable income stream** worth much more than the \$5.3 billion sale price. The assets that have been sold return \$750 million a year which pays for teachers, nurses and hospitals. The structure of the sale (gentraders), uncertainty about the future of carbon prices and the brewing international economic storm have minimised the sale price.
- ◆ **Secret deals to subsidise coal prices for the gentraders** mean that NSW taxpayers will be footing the bill to pay for cheap fuel for the gentraders for years to come.
- ◆ The Keneally government **has no mandate to sell** the gentraders or the retailers. Privatisation was not mentioned during the last election.
- ◆ Opinion polls show that **the people of NSW oppose electricity privatisation**. Parliament has an obligation to tell the government they should cancel the contracts and keep all of the power industry in public hands.

Some points you might like to make about the transaction:

- ◆ The **resignation of the directors of the state-owned generators** is a measure of how uneconomic the deal is for NSW.
- ◆ **Proroguing parliament and intimidating inquiry witnesses** show that the Keneally government has much to hide.
- ◆ **The people of NSW have a right to know what** Treasurer Roozendaal and the Keneally government have done to their power assets.

**Tell the Keneally government & the Coalition that
you oppose the sell-off of your power industry**

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What are the gentrader contracts?

After the failure of former Treasurer Michael Costa's attempt at power privatisation, former Premier Rees and his then Finance Minister Joe Tripodi started pushing their 'compromise' model.

In effect, the gentrader model embeds a publicly owned and operated power station in the middle of a private corporation that buys the fuel and sells electricity.

- ◆ The state auctioned off the right to sell power from each of the power stations for the rest of its operational life.
- ◆ The so-called 'gentrader' purchases coal, gives it to the state-owned generator that uses it to manufacture electricity which it gives back to the gentrader who then sells it to the market.
- ◆ The gentrader in theory takes financial responsibility for coal purchasing, including the risk of rising prices. However, the Keneally government has offered a secret deal to the gentraders that means that the NSW community bears much of the costs.
- ◆ The gentrader pays the power station for operations and maintenance but the amount and the way it changes with time are unknown. The gentraders may be protected from rising costs, which exposes the people of NSW to another source of risk to prop up corporate profits.

INQUIRY INTO THE GENTRADER TRANSACTIONS

LEGISLATIVE COUNCIL
GENERAL PURPOSE STANDING COMMITTEE NO. 1

TERMS OF REFERENCE

That General Purpose Standing Committee No. 1 inquire into and report on the following aspects of the Government Energy Reform Strategy announced on 15 December 2010:

1. The details of the energy reform transactions completed on Tuesday 14 December 2010
2. The circumstances that led to the resignation of directors from Eraring Energy and Delta Electricity
3. The impact the transaction will have on current and future electricity prices, competition in the electricity market, and the value obtained for NSW taxpayers; and
4. Other related matters.

(Minutes of Proceedings No. 45, 23 December 2010)

COMMITTEE MEMBERS

The Revd Hon Fred Nile MLC (<i>Chair</i>)	(Christian Democratic Party)
The Hon Kayee Griffin MLC (<i>Deputy Chair</i>)	(Australian Labor Party)
The Hon Luke Foley MLC	(Australian Labor Party)
Dr John Kaye MLC	(The Greens)
The Hon Trevor Khan MLC	(The Nationals)
The Hon Greg Pearce MLC	(Liberal Party)
The Hon Ian West MLC	(Australian Labor Party)