

**INQUIRY INTO THE CONTINUED PUBLIC OWNERSHIP
OF SNOWY HYDRO LIMITED**

Organisation: Murray Darling Association Inc
Name: Mr Bede Meham
Position: Secretary, Murrumbidgee Region
Telephone: 6021 3655
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Theme:

Summary



Murray Darling Association Inc.

www.mda.asn.au

Email: admin@mda.asn.au

ABN: 64 636 490 493

Mr Bede Mecham

23rd June 2006.

Revd The Hon Dr Gordon Moyes MLC
Chair – Select Committee
Inquiry into Continued Public Ownership of SHL
Parliament House
Macquarie Street
Sydney 2000

RECEIVED

26 JUN 2006

SELECT COMMITTEE

SNOWY HYDRO

Dear Dr Moyes

Re: Inquiry into the Continued Ownership of SHL

We thank the Select Committee for the opportunity to submit our thoughts on this issue.

The MDA, a long established Basin Community forum (62 years), has a membership of over 100 Local Government Councils, many Water Authorities, Corporates and individuals across the Basin areas of four States and the ACT. In Local Government constituent terms is in excess 1 million residents of the Murray Darling Basin and dependent areas.

The MDA made strong representations on behalf of its members to oppose the sale of the SHL and continues to support the SHL remaining in public ownership.

We note that the Committee will be holding Public Hearings following the closing date for submissions. We would suggest that one of these hearings should be held in one of the irrigation areas, this would enable irrigators and others with a view on this issue to appear and be heard.

Terms of the inquiry:

(a) The Government and the SHL are the ones that would be able to answer what the impacts would be on the Government. From reports in the newspapers the SHL runs as a very profitable company returning a reasonable net profit each year. From this it is considered that the Company could look after it's own affairs.

"for conservation and sustainable development"

(b) From the yearly profits it should be able to look after it's own capital investments. Also the SHL should be able to raise loans if needed for capital investment and if

needed surely the Government could be a guarantor for the loans.

(c) The MDA's major concern is water regulation. We understand that conditions of the licence which the SHL works under are confidential. Why can't these conditions be made public, surely the public have the right to know how their water is used.

The SHL has over the years acted responsibly and released water over the irrigation seasons as required by the irrigators. But it is of concern that under the licence conditions the SHL has little or no obligation to release water at the times that suit irrigators' needs.

Though the water belongs to the public the licence gives the SHL the right of use. The SHL has to provide at least 1062 Gl and 1026 Gl each year to the Murray and Murrumbidgee rivers respectively. Water above this amount is termed above target water and can be released at the discretion of the SHL without regard to the irrigators. If the SHL were in private hands we believe that they would use the above target water to generate electricity whenever there was a peak demand and it would be very profitable for the SHL to do so and this would be carried out with no concern for the irrigators. For this reason we believe that the SHL should remain in public ownership. Irrigators must have a say on how their water is regulated and released, the same as the water stored for environmental flows will be released when required by the six icon sites and other environment needs.

(d) The SHL has much of it's infrastructure open to the public and is a major tourist attraction. Access to lands controlled by the SHL, are we talking about these areas being used for other purposes and commercial gain? We would favour the SHL operating the same as it has operated in the past. Most of the land we are talking about would be contained within the Kosciuszko National Park.

(e) We are not aware of the disused infrastructure in question, but we consider that it would be a matter to be resolved between SHL and the National Parks and Wildlife Service. Does any of the disused structures have any heritage value?

(f) The Sydney Opera House has received a Heritage Listing and we believe that the Snowy Hydro Scheme is deserving of the same status. 100,000 people from 30 countries worked over 25 years to complete the scheme with 121 losing their lives. It was an undertaking that helped Australia to get going post war. We would hope that this inquiry could recommend this Australian Icon for a heritage listing.

(g) We note that the Snowy Hydro Irrigation Consultative Committee after 10 years has now being formed. This committee should remain as it gives the irrigators a voice.

Mr Mark Gooden, Chairman Murrumbidgee Region of the MDA wishes to attend a public hearing and present our view, that is that the SHL remains in public ownership.

Yours Faithfully


Bede Meham

Note

It is worth noting that the Murray Valley Development League now known as the Murray Darling Association joined with the Murrumbidgee Valley Water Users Association and together they played an important part in getting the Snowy Scheme up and running. William Hudson wrote to Vern Lawrence in 1977 and acknowledged the part played by the Associations. This is detailed in the book "The Snowy the People behind the Power" a copy of the relevant is attached.

Construction Starts

In July 1951, Senator Spooner decided to see the Scheme for himself. His stated purpose was 'to equip myself to consider some important recommendations which have been made to me'. One of those recommendations probably came from the newspaper magnate, Frank Packer. According to Nelson Lemmon, the Labor Minister who had presided over the setting up of the Scheme, the recommendation would have been simple and to the point – close down the Snowy. In 1951, New South Wales experienced a slight depression, and jobs on the Snowy and elsewhere became hard to find. Government spending came under scrutiny in the press and Bill Hudson was informed by an acquaintance of Frank Packer's that Packer intended to wage a campaign in the *Daily Telegraph* to see that the Snowy Scheme received no further funding.

Hudson had maintained a close relationship with Lemmon after the latter's departure from office in late 1949 and occasionally consulted him on matters of strategy:

One day, he sent a car round and asked me to come and see him. He told me he'd heard Packer had sworn he'd close it down, because he reckoned it was a sink for public money, and he'd sent a journalist from the Telegraph round to write bad stories about it. Bill was real upset, because he said there was a feeling among the top fellows in the Snowy that it was going to crash and some were starting to look around for another job. 'What do I do?' he says.

Lemmon advised Hudson to take the initiative, instead of letting Spooner get his information from the papers. 'I said write to your Minister and request an interview: get the personal touch, set out how the morale is suffering and the earlier feeling of drive is being lost.' He also told him not to worry about any accusations that too much money was being spent, but to tell Spooner he was allowed to go a bit over his budget estimate and that that was all that was happening. Craftiest of all, since Lemmon was himself sure that Menzies was a supporter of the Scheme, he advised Hudson to refer Spooner to the Prime Minister for advice.³

Step two of Lemmon's plan was to get the Murrumbidgee farmers involved. Their lands would benefit greatly from irrigation waters to be diverted by the Snowy Scheme, and Lemmon advised Hudson to not overlook this potentially powerful lobby group: 'Tell them it was going to crash if they didn't get stuck into their local members and get them to ask questions in Parliament.' Vern Lawrence, the executive director of the Murray Valley Development League from 1944 to 1978, recalls that his organisation joined

³ See Chapter One for details.

The Snowy: The People behind the Power



Senator Spooner, Minister in charge of the Snowy, on a tour of the Scheme in July 1951. He remained in the position until 1963, when he was replaced by David Fairbairn. The photo shows, from left to right, Chief Construction Engineer T. J. 'Darby' Munro, Commissioner Bill Hudson, Associate Commissioner Tom Lang (obscured), Senator Spooner and Associate Commissioner Tony Merigan.

forces with the Murrumbidgee Water Users Association in order to exert maximum political pressure. Both groups had a common aim – to lobby for the waters of the Snowy to be diverted westwards, and provide an irrigation source for the residents of the region – and they formed the Murray-Murrumbidgee Development Committee. In a letter to Lawrence in 1977, Hudson gratefully acknowledged the important role played by the regional organisations in ensuring the continuation of the scheme: 'Without such enthusiastic support and assistance from the

successive presidents and members of the valley organisations, I doubt if construction would have proceeded.'

Lemmon's final suggestion was more dramatic – to hold a public burning of the *Daily Telegraph*. As it turned out, this was never required. The next time Lemmon saw Hudson, 'He was one big smile – and he didn't smile very often, Bill. He said, "It worked! I saw him (Spooner) and he went to Menzies, who said 'What? The Snowy Boys getting short of money? That'll never happen.'"

That crisis passed and Spooner made the rather stiff pronouncement after his tour that the workmen on the Scheme were 'good Australians doing a good job for Australia'. Eileen Hudson today remembers Spooner as a 'good man, who was for the Snowy', but others saw him a bit differently. Nelson Lemmon candidly dismissed him as an 'arrogant bugger'. Aubrey Hosking is more expansive:

He was hard on Hudson. He had it in for him. He'd leave him sitting outside the office for two hours, cooling his heels – it was terrible. That was Spooner's way of showing he was the man with the authority, the Minister. The trouble was the Government didn't have that much authority. The Snowy Mountains Authority wasn't like a government body, it was semi-autonomous, it made its own decisions ... except at budget time. When it came to money, it had to go to the Government. Spooner never liked the Snowy set-up, because he didn't have enough control, so when he had the opportunity, he put the boots in. But of course if he cut off the money, he cut off the Snowy.

The Packer scare made it more urgent than ever to get started on the Scheme proper – it was a lot easier to call off road crews and dismantle camps than it would be to fill in a tunnel or undo construction on a dam. It was no accident that Guthega was chosen as the first project, as engineer Bob Ampt remembers: 'The