

**Supplementary
Submission**

No 18a

PROPOSED SALE OF SNOWY HYDRO LIMITED

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Theme:

Summary

To Stephen Frappell
Director General Purpose Standing Committees

Attached for your attention - Letter to the Inquiry and additional Submission to clarify our original submission.

Beverley Pavey



National Council of Women of New South Wales Inc.

Established 1896
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1st June, 2006

Mr Stephen Frappell
A/- Director General Purpose Standing Committees
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Frappell,

Reference Submission No 18 – Sale of Snowy Hydro Scheme

Thank you for your advice on receipt of our submission. We now realize that it would be more beneficial if we enlarged upon these points. We therefore enclose two pages to use in conjunction with the original paper.

The sale amounts to allowing control of the water resources of SE Australia to a commercial undertaking whose prime interest is not in conserving water and using it for the benefit of the community, but in making a profit from electricity. The two are not compatible. There is no competition involved.

We trust that this Inquiry will not be too late.

Yours faithfully,

Beverley Pavey
President

**Submission from the Executive of the National Council of Women NSW
to the Joint Parliamentary Committee
SALE OF SNOWY MOUNTAINS HYDRO AUTHORITY**

It is urgent that a number of issues still remaining are further clarified regarding the proposed sale commencing June 2006 of the Snowy Mountains Hydro Authority and that the Australian Public can rest assured of the desirability and wisdom of such a transfer.

1. The visionary Snowy Mountains engineering scheme to save and divert inland the melting snow waters of the mountain rivers to provide power, irrigation, drought alleviation and to assist development of inland Australia was first envisaged in 1944. The scheme was successfully implemented between 1949 – 1960 and has been rated as one of the seven great engineering wonders of the modern world.
2. The labour for such a tremendous venture was provided by both by Australian and British, in addition to 170,700 WW2 Displaced Persons from 30 European nations who were allowed refuge in Australia, conditional upon working for a minimum of two years on this giant project in the remote and mountainous areas of the inland before settling elsewhere. The project was implemented by a series of visionary Governments, achieved by means of Australian engineering genius and management, British finance and by blood, sweat and tears of what was to become a dedicated multicultural and patriotic workforce. At around this time conditions for citizenship and permanent residency in Australia were reduced.
3. We understand the sale/transfer and privatisation of the Snowy Hydro and a Prospectus is expected to be released in June 2006. Sales to be handled by JPMorgan, Goldman Sachs J.B.Were, Macquarie Bank, Deutsche Bank and Citigroup will be worth tens of millions of dollars in fees from what is expected to be the biggest float on the sharemarket this year. We believe Victoria, somewhat reluctant to dispose of its asset, will direct the monies towards the rebuilding of dilapidated and disadvantaged schools. The Federal Government will direct its acquisition of 13% towards the establishment of a Future Fund for the provision of Public Superannuation. NSW will direct its 58% share towards the repayment of public debt and infrastructure. None of these prospects justify the sale of the Snowy.
4. NSW Premier Iemma explained that Snowy Hydro Authority had presented a strong case that it needed to raise money for further expansion of assets and growth in order to stay competitive. We have had other advice that the money needed for the power station is only for ongoing maintenance, not large scale repairs. Any strengthening of the dam walls may be needed at some future time, but this would not be excessive. The Snowy infrastructure was designed to have a lifetime of 100 years or more. It is not a “Victorian Powerstation”. It is, and was designed to be Australia’s drought protection for a long time to come. The power generating ability is in fact a very profitable business for the Government and would be for any private owners. This is precisely why they are interested in obtaining shares. The problem with that is that when power is most needed is when the farmers do not need the water and we risk losing the water in order to earn dividends.
5. Democrat Senator Lyn Alison has commented “They are selling off the labour of generations of men and women who built Australia for a short-term gain”. We believe she is right. **Where are the statesmen who can think further than the next term of office?**
6. The success and or benefit of the venture requires careful evaluation long before any prospectus is finally launched. Instead, we find the Prospectus will be launched before the Inquiry has formed its decision. This shows disrespect for the process of democracy.

Submission from the Executive of the National Council of Women NSW

7. In 2002 Federal Minister Ian Macfarlane signed 49 agreements covering legal, financial, environmental and electricity market issues. The documents aim to protect the long term future of Australia's largest renewable energy electricity generator and, if observed, will ensure that Australia becomes an active and competitive player in the National Electricity Market. We are doubtful that they will indeed achieve that aim.
8. The pitfalls remain however. NSW is by far the largest stakeholder with the most to lose or gain. Premier Iemma has promised that there would be a limit to the number of shares that could be owned by any one entity and that a "Mum's and Dad's float" would be negotiated by the Australian Stock Exchange. However National Council of Women NSW has some reservations concerning the to-be-released Prospectus, possible purchasers and implied possibilities for later mergers perhaps enabling subsequent acquisition by controlling foreign interests/powers which could dominate the Australian economy, habitat and environment.
9. Much regional rancour is evident in local press reports concerning environmental protection and recent observance of the agreed 21% maintenance of the Snowy River flow from Jindabyne cold water dam, the unattractive aesthetics of low water levels and mud in the dam area and its undesirable impact upon boating, fishing and tourist attractions. Will there be additional and undesirable environmental, economic and other impacts resulting from the sale/transfer of an institution which has been rated amongst the seven engineering wonders of the modern world?
10. Concern has been expressed as to whether Cooma will continue to be the headquarters of the new Authority, whether electricity will continue to be instantly available to boost dwindling outputs in other eastern states and also regarding the continued availability and price levels of water for irrigation purposes and food production further down-stream in the Murrumbidgee. Some sources have also reported concern that farmers may effectively be offered incentives to reduce or stop food production, with subsequent costly increase in imports from other countries or loss of markets.
11. A reason for the proposed sale is said to be possible replacement costs for turbines and repairs to infrastructure. If this were so it would hardly be profitable for private enterprise. The proposed sale would mean shareholder profits would come before the public good or necessity. We believe this will be a real problem for the next generation.
12. The advent of nuclear power in the future could be a factor in any arrangement of sale, in the same way as the control of alternative routes for the tunnel was part of the contract.. Cheaper nuclear power could detract from the power income and be a limiting factor on profits. We would expect that **the ACCC should also be involved** in any sale arrangements.
13. **There has been extraordinary concern in our meetings about the proposed privatisation of this national heritage investment. It was the product of the spirit, vision and enterprise of the Australian Nation. It cannot be replaced. We strongly believe this sale should not occur and that it is definitely not in the national interest for any reason.**