

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

Organisation:

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Theme:

Summary

From: "Des and Denise Goonan"
To: <snowyhydro@parliament.nsw.gov.au>
Date: 10/07/2006 10:15:16 pm
Subject: SELECT COMMITTEE ON CONT.....SNOWY HYDRO

Dear Sir/Madam,

Last week I received a letter dated 13 June inviting further submissions on the above matter. Therefore I beg to be allowed to add to my earlier submission.

Re Terms of Reference

It is of the utmost importance to see that Snowy Hydro remains in public ownership when one considers what took place in California after electricity generation passed into private ownership. In private ownership directors of companies are expected to look after shareholders interests first. The public come in a very distant second.

In California the new corporation did what any corporation would seek to do , i.e., maximise profits for their shareholders. To do this they held back on supplying power at peak times until the purchasers (those selling power to the public) paid the extreme price demanded.

The end result was that purchasers paid around ten times the previous prices for peak demand electricity . Naturally these price rises were passed on to the public.

The State of California is now rushing to build new electricity generating plants to overcome a situation which borders on blackmail.

As Snowy Hydro now produces about 80% of the electricity required at peak demand times , it would be an ideal investment for anyone who could see a way at getting rich quickly at the expense of the public. Therefore continued public ownership is most important from the 'electricity' side of the equation as the outcome could be disastrous for government revenues due to the very high costs charged for electricity.

The water issue then also becomes critical as most farmers are only making small profits on average and any big rise in charges for water and electricity would make many farms unviable. This point would also have vast financial problems for government .

There is no doubt the sale would cost the NSW Government around \$230m (there share of current profits) so the economic loss to the State would be substantial as well.

Continued public ownership will mean that public funds will be needed to maintain the present situation and in future to build more generating plant as the present plant is said to be nearing its use-by date. This situation will have to be faced up to as soon as possible.

Des F Goonan