

## **INQUIRY INTO GENTRADER TRANSACTIONS**

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It was crazy to sell the electricity generators near the end of the government's time and when there is uncertainty in relation to a carbon price. It will be difficult to get the companies to reduce the amount of coal burnt as renewables come on line as that will cut into their profits. Also to increase profits the companies will try to cut costs including employing fewer people and having some aspects such as call centres going off shore.

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.

The amount of money raised by the sell off, \$5.3 billion is small in relation to the profit gained by the generators staying in public hands and the returns being paid back to the government, \$750 million a year which can pay for teachers, nurses and hospitals. The public will also suffer as the cost of electricity goes up so the private companies can increase their profits.

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.

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. 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 gentrader in theory takes financial responsibility for coal purchasing, including the risk of rising prices. However, we understand that 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.