

**Submission
No 41**

PROPOSED SALE OF SNOWY HYDRO LIMITED

Organisation:

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Theme:

Summary

Marie Burton - NSW Parliament Snowy Hydro Scheme Inquiry - Submission

From: _____
To: <snowyhydro@parliament.nsw.gov.au>
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Subject: NSW Parliament Snowy Hydro Scheme Inquiry - Submission

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Dear Hon. Rev. Dr. Moyes and fellow Members of the Select Committee,

Please find attached my submission to the Senate Inquiry regarding the Sale of Snowy Hydro Ltd.

I have also attached for your information two extracts from the book "Struggle for the Snowy - The Background of the Snowy Mountains Scheme - Lionel Wigmore O.U.P., 1968, just thought you might find them interesting given the passage of time, they are as follows:-

Preface by the Rt. Hon. Lord Casey, PC, GCMG, C.H., D.S.O., M.C. Governor-General of Australia
Forward by Sir William Hudson, KBE, FRS, Commissioner, Snowy Mountains Authority 1949-67

Thank you for the opportunity to put forward my submission.

Yours sincerely

Coral Talbot

29th May, 2006

The Hon. Rev. Dr. Gordon Moyes
Chairman
Parliament of NSW - Snowy Hydro Scheme Inquiry
SYDNEY NSW 2000

Dear Rev. Dr. Moyes and fellow Members of the Select Committee,

I hereby submit my submission to the

NSW PARLIAMENT SNOWY HYDRO SCHEME INQUIRY

Submission by Mrs. CM Talbot
Concerned citizen, Mother and Grandmother

Firstly, I wish to make you aware of who I am and where I am coming from, I am 61 years old, the wife of a retired Snowy Engineer who was employed in various executive roles for approximately 24 years, our two children were raised and educated in Cooma. I have served in many roles as a volunteer and I am still an active member of the same work force. Last year I had the privilege of becoming a Grandmother twice over and it is the future of these little folk and others like them that has caused me to focus and question what their future will be. I am not a person that belongs to or has an affiliation to any political party. The issue of the sale of Snowy Hydro is or should be above politics.

I firmly and honestly believe NO, the sale of Snowy Hydro is not in the public interest, if it were then surely the three Governments involved would have been only too happy to give freely, up front and honest reasons for the sale instead of the constant line of excuses that to me are often outright dishonesty to mislead and confuse the Australian public. Also, the unseemly haste to sell Snowy Hydro Ltd, without due regard to the consultative process to inform and reassure the existing owners of the need to sell, in short I think this is obscene.

I honestly believe most of you if not all are like myself and have not been given the opportunity to read those critically important documents that are marked "Commercial in Confidence" these documents are the key to the knowledge of "Common Good – or otherwise", I have good reason to believe that since they are so secret they are not full of public good once in the hands of a private enterprise.

I have spoken to some politicians who have told me (and I believe they honestly believe what they are saying is true), that Governments can't manage infrastructure very well and that it is better in private hands, that it is part of the Thatcher ideology – if this is so, then I think it is time they noted that Mrs Thatcher went out of office years ago and that Snowy Hydro Ltd. is an extremely profitable company and achieving world class performance still whilst being owned and managed by Australian people for Australian people and I ask WHAT IS WRONG WITH THAT?

Whilst I have great respect and empathy for our politicians faced with the constant demands of a very demanding society (both at home and abroad) full of expectations and instant fixes, the need to keep abreast of never ending issues, the pressure of the job must impact heavily on the individual, their home life and family and leave little if any time for themselves.

I feel most strongly that once Snowy Hydro is sold it will not matter who owns the majority shares, (after all there are enough Australians that think only of themselves and the dollar; our prisons are full to overflowing with Australian people who have been judged to have done the wrong thing by society).

The Governments will have lost control of how the company conducts itself so long as they comply with their legal requirements and the minimum requirements of water release etc. The 75 Year Snowy Hydro Water Licence, Compensation Deed and associated documents are marked "Commercial in Confidence" so the current owners of Snowy Hydro Ltd (the Australian Citizen yourselves included, or so it would seem if Mr Della Bosca gets his way) are denied the right to know what is in them and just how they will impact for the remaining 72 years and thereafter, the NSW Government will own the water but not the timing of release nor the necessary infrastructure to collect, store and release the water, this in particular will be a huge problem at the end of 72 years when the Government owns the water but not the means to release the water, the private company will then have all the rights to negotiate a best out come for their shareholders at the expense of the taxpayer who once owned it all.

I also understand that at the time of Corporatisation Snowy Hydro Ltd had to borrow the outstanding debt and pay it back to the Commonwealth who had in turn gifted the shares to themselves and the States, this in itself denied the other States and Territories any reward for their contribution to the building of the Scheme, and once the shares are sold it will be a double injustice to them. This is sad given the Scheme was a truly unifying force for multicultural Australia and should always remain a symbol of unity for the people of Australia.

Can you imagine what the politicians of the day in 72 years time will think of the current generation of politicians who hold in trust the shares to our assets who have allowed the sale to happen? I can't believe our descendants with thank us either for allowing such gross stupidity. What a difference 50 odd years can make to the vision of our leaders and the complacency of the people that has allowed this to happen.

It is an interesting thought that down the track the NSW Government may well have to pay storage fees for the water and compensation running into millions if not billions of dollars for additional water releases that are not currently included in this "Commercial in Confidence 75 Year Snowy Hydro Water Licence". Who knows what "Climate Change/future droughts" will bring?

Snowy Hydro Ltd are the legal owners of all the existing knowledge and experiment results of "Cloud Seeding" in the Snowy Mountains, the SMHEA and Snowy Hydro Ltd have paid millions of dollars to acquire this information over the years to the University of Nevada in particular and to conduct the

associated experimentation, because of this they know the best locations to seed clouds and the optimum clouds etc to seed.

History repeats itself it seems for the first contact was an Australian, (eventually an American Citizen) educated in Australia by the name of Dr Joe Warburton (now deceased) Joe was a leading light with CSIRO in the 50's when they were looking at cloud seeding, when this project folded he was readily accepted by the University of Nevada where he eventually became a Professor of world renown in the field and we the Australia Citizens ultimately paid handsomely for his knowledge to return to Australia, are we to do this again to Snowy Hydro private company when climate change/big droughts bites and we are even more desperate for water when the knowledge and dams to hold the water will of course be owned by some private company. **Is this intellectual property included in the sale?**

Already many towns and cities across Southern Australia are in dire straights for water. Have any of you had the opportunity to read the 75 Year Water Licence, Compensation Deed and associated "Commercial in Confidence" documents? Were you ever or your counterparts in the Commonwealth and Victorian Governments given a thorough briefing of the facts surrounding the Sale of Snowy Hydro including the advantages and disadvantages? Are you aware Canada and America are already buying back control of their water? And we are told we are "The Clever Country", who is kidding who?

Mr Carr left in such a hurry to join Macquarie Bank (one of the Governments appointed companies to arrange the sale) it leaves a bad odour and does not set a good example to the people he once led and most especially our youth.

I find the whole process of the lead up to the sale of Snowy Hydro mind blowing, Snowy Hydro Ltd and all levels of Government don't mind spending millions of dollars on legal opinion and advice not to mention the adds in the press, the power to stifle open discussion. After having been to the Penrith meeting where during the early evening I was told by staff that it was a management decision that what had gone on at the Snowy Hydro meeting that day could not be discussed in the Panthers building with anyone, lesson for me this is not a sporting club, its big business. I heard on Sunday 28 May 2006) at the Jindabyne Rally, that Snowy Hydro employees have been told not to attend the Rally/meetings and were not to discuss the sale with anyone, also that union members have been gagged, my husband has written to Mr Mundine and Mr Shorten and Mr Combey none of whom have bothered to reply.

I am quite sure there are many Australians who would believe Mr Della Bosca and Mr Costa and their counter parts in the Commonwealth and Victorian Governments should be under litigation for selling goods, they do not personally own in their own right without informed permission of the legal owners, if this is not so then surely they have the right to sell without restriction nor informed consent all that they hold in trust on our behalf, is this not another erosion of our democratic rights?

Personally I do not believe there is any need to sell Snowy Hydro Limited; to many others and myself the sale represents only greed and desperation to fill the pork barrels and inflate egos for the coming elections. This process denies all Australians and most especially our youth the right to feel pride and a sense of ownership in what

is rightfully ours, it leads to a sense of hopelessness for many in our community who are flat out making ends meet and raise their children whilst being swamped by the never ending information and misinformation for no good reason. The sale will I believe, lead to an extension of the electricity market monopoly and monopolies are not supposed to be good for any consumer. Why should any Government see fit to place in private hands such a lucrative arrangement for short-term gains and a long-term deficit to the people of Australia? Both financially and morally the cost of such a foolish action will be born by our children, their children and for many even their children.

Is all the freehold land around Jindabyne and other Snowy towns and locations to be a gifted to the company? Will people have free access to the lakes etc for personal/commercial activities or will they have to pay again or be excluded for what was once theirs to use freely? Will the Lakes become like the Rivers in the UK where the wealthy pay \$1000's of pounds for the right to fish there?

The profitability of Snowy Hydro is the one thing every one seems to agree on, despite paying huge dividends and their tax to the Government, they are a very generous sponsor to the Australian Tennis Open, The Essendon Football Club, the Institution of Engineers Australia (in particular the Young Engineers Group), Snowy South Care Helicopter, and the traditionally supported local groups, it is not just the cost of the actual sponsor-ships but the generous hospitality that goes with it for those of importance and/or influence these people come from all levels of society/business/etc including guests at the refurbished VIP Cottage Cabramurra where I understand each bedroom now has a wall hung plasma TV (sure beats sleeping under the Bridge), I am not making any criticism of Snowy Hydro CEO Terry Charlton as I honestly believe the goals he has achieved were under the instruction of the people who appointed him to do the job, as usual his brief was never made public and I think he has achieved their agenda brilliantly and his current remuneration of approx.\$1.7m package I would suggest verifies this. I also think some of the recipients of Snowy Hydro's generosity may have placed themselves perhaps unwittingly, with a conflict of interest when it comes to the best outcome for the group they represent, hence the change in position of some of the players.

Snowy Hydro Ltd. will I believe have the opportunity to grow at a very satisfactory rate without being sold, the fact that they have achieved what they have prior and since Corporatisation is proof of that, I don't for a minute believe they will fall in a heap, if Snowy Hydro Ltd have a monopoly in the National Electricity Market then surely it is in the best interests of all Australians to keep it in the hands of the people.

I believe the sale of Snowy Hydro can only benefit those with a vested interest; this does not include most Australian Citizens (the present owners) and will be an eternal embarrassment to the two major political parties so hell bent on the sale and who show such disregard (with few exceptions) to the voice of the people and their own commitment to the due process for example "Openness and Transparency"

Impacts on the short and long term financial position of the Government including impacts on revenue and recurrent costs.

In short Governments just like the people must live within their means. Should Governments not plan thoroughly for both today and tomorrow regardless of which party is in power, if they overspend for whatever reason, so be it, they may loose an election and we may all have to tighten our belts – so what - isn't that life.

There was a time before the economic rationalists became the idiosyncratic preferred choice of our leaders and bureaucrats, when the people of Australia, rich and poor alike were able to buy Government Bonds to invest their money in, this system entrenched in people the view that whilst a higher rate of return may be gained from other forms of investment, this was a secure way to save for long term goals and in the process it was all for common good, you were helping your country. What goes round comes around and maybe its time we had a rethink about how to achieve the best economic outcomes for the State and Nation without selling off the crown jewels created and paid for by other generations for common good.

Potential compensation payments to affected parties.

I am not sure which compensation this refers to for example:

- If it refers to the Compensation Deed relating to the 75 Year Water Licence then this is surely an unknown quantity as no one can see into the future for the next 72 years and with “Climate Change/100 year plus droughts” our need for water will be an over riding factor into the future. Whilst Snowy Hydro remains under its present Corporatisation Agreement, any compensation is circular money and for common good, this not so once the company is privatised the money will be lost for most Australians and certainly for common good.
- If you are meaning the costs incurred by the Government to date in preparation for the sale then it simply means that those with a legal entitlement must be paid, this will add to the debt and make some people look foolish but so be it. It will make all Governments well into the future to be mind-full of the democratic process and this would therefore become money well spent I think.

Intended use of funds raised from privatisation.

I find it rather disgusting the way everyone with an interest has come forward seeking to have their share of the goodie bag. If they must sell and I can't see why they should, then I ask myself why is this money not set aside to pay out the inevitable compensation that will arise into the future and failing that make good to the States and Territories that were not gifted shares for their contribution?

Thank you for your time.

Coral Talbot.
1/6/06

STRUGGLE FOR THE SNOWY – The Background of the Snowy Mountains Scheme - Lionel Wigmore, O.U.P., 1968

FOREWORD By Sir William Hudson, KBE, FRS, Commissioner, Snowy Mountains Authority 1949-67.

“This book, a history of events which led up to the commencement of the Snowy Mountains Scheme, is the outcome of a request by Sir Robert Menzies, who was Prime Minister of Australia during the greater part of the period of construction of the Scheme. The book’s title, Struggle for the Snowy, is indeed appropriate as it records a struggle for the utilization of waters of the Snowy River that continued persistently for well over half a century.

History relates that as far back as the early 1880s, when settlers in the Murray and Murrumbidgee Valleys were staggering from the disastrous effects of sever droughts, Eyes were turned to the Snowy. Why, it was asked, should the never failing flow of this coastal river not be turned inland and so avoid further catastrophe? Throughout the years of struggle for this to be done proposal after proposal was mooted, each adding something to the magnitude of the proposed development and to its potential usefulness to the nation.

One can well imagine the impatience of the proponents of these ideas at the procrastination of the authorities concerned. However, their persistence ultimately was rewarded. As the book relates, in 1946 the Commonwealth Government set up a committee of experts to report on the use of the snow waters. In 1949 this committee, under the competent leadership of Dr L.F. (now Sir Louis) Loder, submitted plans for a scheme which would provide considerably more water for irrigation on the dry inland plains and a power capacity many times greater than the maximum ever contemplated in the earlier proposals. The Prime Minister of the day, Ben Chifley, and his trusted Minister, Nelson Lemmon, were quick to appreciate the national value of committee’s proposals. Nevertheless, their adoption involved risks of a nature which most governments would prefer to avoid. For instance, State rights were involved, as, under the Australian Constitution, the development of water resources was regarded as a State function. Doubts existed as to whether the magnitude of the proposed scheme and its great cost were within the country’s capacity. These and other fears were courageously thrust aside by Chifley and the Snowy Mountains Hydro-electric Power Act of 1949 was passed. Very shortly afterwards a change of government occurred and Mr (now Sir Robert) Menzies became Prime Minister. He accepted Parliament’s decision for the enterprise to proceed and, in doing so, had to deal with the constitutional issues which seriously threatened the construction of the Scheme. He ably found a solution and throughout the long period of his Prim Ministership gave un-stinted support to the Scheme.

Thus the introduction of the Snowy Scheme reflects the determined persistence of public-spirited men who were prepared to fight hard and long for something they believed would be of great value to this country; also the courage of the nation’s leaders who, for the same reason, willingly accepted the responsibility of the risks involved.

Another lesson that emerges very plainly from the struggle to start the Snowy Scheme is that the success of such schemes of national development is best assured if detailed technical agreement representing all interests at top level is reached prior to final political decisions being made. The technical committee of experts, who submitted plans for the Snowy Scheme in 1949, represented both State and Commonwealth interests, and there is no doubt that this technical agreement on the merits of the Scheme laid a solid foundation for its success. One does not have to look too far to see projects which have received political approval and been initiated before being thoroughly investigated on a technical feasibility basis, only to run into serious financial and other problems at a later state. If some of the earlier proposals by sectional interests for the development of the Snowy River had been adopted this could well have resulted in serious permanent national loss.

The author of *Struggle for the Snowy*, Lionel Wigmore, will be well known to Australian readers by his works which include *The Long View* (a brief history of Canberra) and *The Japanese Thrust* (one of the volumes of the Australian Official War History) and editing *They Dared Mightily* (the story of Australian Victoria Cross and George Cross winners). He has given meticulous care to the selection of authentic information on the significant events that led up to the commencement of construction of the Scheme. In this task he has been ably assisted by William G.R. Gilfillan, a senior engineer on the staff of the Snowy Mountains Authority who during the last few years has undertaken with equally painstaking thoroughness the examination of literally scores of official files, press reports and other relevant data. In addition, these gentlemen have interviewed many ex-Parliamentarians, government Officials and local residents. They both merit the thanks and praise of members of the public interested in the establishment of Australia's most ambitious civil engineering undertaking.

W. Hudson,
January 1968"

Struggle for the Snowy - The Background of the Snowy Mountains Scheme, Lionel Wigmore, O.U.P. 1968

**PREFACE by the Rt Hon. Lord Casey, PC, GCMG. C.H., D.S.O., M.C.
Governor-General of Australia**

“What gives the Snowy Mountains Scheme such special appeal to Australians, and indeed to many people throughout the world? Perhaps it is its bigness, resulting from the fact that we are a growing nation spread over a large continent, which presents big problems, together with ever-widening opportunity and great rewards.

Whatever it is, thousands of us, and visitors from other countries, are drawn each year to where great dams and reservoirs, tunnels and power stations have been added to the natural features of the Great Dividing Range. By their magnitude and success these man-made works show clearly why the abilities of the engineers and administrators of the Scheme have won worldwide notice.

Since 1955, when the first of the Snowy projects commenced operation, the output of the Scheme has steadily increased as additional works have been brought into service. The Scheme is to become capable by 1974 of generating nearly four million kilowatts (5,364,000 horsepower) of peak load power, constituting about one-third of the electricity-generating capacity then available in NSW & Vic. It will also supply enough water to irrigate a thousand square miles of hitherto dry country. It has been estimated that this irrigation increment could add \$60,000,000 each year to the total value of Australia's primary production.

Such things mean a great deal in terms of farm and factory output, and of ability to trade with other countries. Further more, the Scheme has helped a great many newcomers to Australia to become established in this country. Migrants have comprised more than two-thirds of the total work force, and by the end of February, 1968 they had shared in the receipt of more than \$300,000,000 paid by the Snowy Mountains Authority and its contractors in salaries and wages. Those who have settled in Australia are, like the Scheme itself, a very valuable national asset.

In 1953 it was estimated that the Scheme would cost \$800,000,000 and despite rising prices since then it still appears likely to be completed within the limit of expenditure. The money will have come predominantly from Australian Commonwealth Government revenue instead of from loans. The whole of it will be paid back, with interest, from the sale of electricity produced by the Scheme.

All this has not only emphasized Australian ability to plan and accomplish great things. It has also demonstrated how, when a work of major significance is involved, differences between the Commonwealth and the States can be overcome in the national interest. This adds importantly to Australia's enviable reputation as a socially and economically stable, progressive country.

Australian endeavours and achievements in war and in peace have been the subject of other notable books by Lionel Wigmore. He has told of Australia's part in resisting the onslaught on Malaya and other countries in our neighbourhood which began in December 1941; of deeds in which Australians have won those supreme decorations

for courage, the Victoria Cross, the George Cross, and the George Medal. He has described the birth and growth of Canberra as our national capital.

It is well that he has now recorded, concisely and interestingly within the covers of this book, how the Snowy Mountains Scheme has evolved, from proposals which began to be made before most of us were born, into the great and still developing enterprise it is today.

Casey
Canberra, A.C.T.
June 1968