

Submission
No 20

INQUIRY INTO GENTRADER TRANSACTIONS

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Submission by John Davis

1. The details of the energy reform transactions completed on Tuesday 14 December 2010

We received \$3,000 million for an asset that yields \$750 million. Why did we sell and asset giving a return of 25%?

Will we be getting a return of better than 25%?

A capital item has been sold, will the money be used for capital items, or for annual expenses?

What are the benefits to the NSW electricity consumers?

Will the prices be less than if the power had stayed in public ownership?

What risks does the taxpayer have?

Why are we subsidizing cheap coal supply for the power stations?

Leaving a major long term action such as this, to just a few people who know they are about to lose their jobs is very suspicious.

Why are the contracts not made public?

I do not remember any mandate for the government to sell the power output to anyone but NSW electricity consumers.

Opinion polls show the people of NSW are opposed to the privatization of power.

Is there any provision for zero carbon energy in the future?

2. The circumstances that led to the resignation of directors from Eraring Energy and Delta Electricity

The sale was conducted with an urgency that was not necessary for achieving the best deal. It would appear the government was trying to cover something up.

The resignation of the directors tells us the deal was not right. Why was the deal not stopped at that stage?

Can the government appointed directors be made liable for any deal not in the interests of the power company?

Could they be jailed for conflict of interest, or a deal not in the interest of the company?

Proroguing parliament suggests there was something to hide.

3. The impact the transaction will have on current and future electricity prices, competition in the electricity market, and the value obtained for NSW taxpayers.

How will this deal give consumers the best deal on power prices?

This sale would appear to make it harder to reduce carbon dioxide emissions in the future. This action attempts to lock NSW into coal mining and burning at a time when we should be reducing carbon dioxide emissions.

How much freedom has the government owned power station have to vary it's prices?

Who covers the cost of carbon in the future?

4. Other related matters.

This deal makes it more difficult to pension off coal fire power stations and reduce carbon emissions.