

**Submission
No 104**

INQUIRY INTO THE CONTINUED PUBLIC OWNERSHIP OF SNOWY HYDRO LIMITED

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Theme:

Summary

4 July 2006

Reverend the Hon Gordon Moyes MLC
Chair, Select Committee on Continued
Public Ownership of Snowy Hydro Ltd
Legislative Council
Macquarie Street
Sydney NSW 2000

Dear Reverend Moyes,

**Submission to Inquiry into Continued Public Ownership
of Snowy Hydro Limited.**

The Nature Conservation Council of NSW (NCC) has been the peak council for non-government environment organisations in NSW since 1955. NCC represents some 120 environment organisations throughout the State.

NCC in recent months has joined with a wide range of other groups and interests in opposing the proposed privatisation of the Snowy Hydro Ltd by the NSW, Victorian and Commonwealth Governments. The NCC's principal reasons for opposing the sale and for maintaining Snowy Hydro in public ownership, are as follows:

- a. Snowy Hydro Ltd is a corporatised government entity. It is a public body answerable by the people of Australia through two state governments and the federal government. It has, by virtue of this public status, been given rights and powers which place it in a position where it can profoundly affect the natural environment of the Snowy mountains and of rivers flowing from that region to the coast and the inland, including the Snowy, the Murrumbidgee and the Murray Rivers.

It is therefore inappropriate for Snowy Hydro Ltd as presently structured, and with its current set of rights and responsibilities, to be privatised and to go out of government control. Such a move would be against the public interest.

- b. Snowy Hydro Ltd's operations impose serious impacts on the environment of the Kosciuszko National Park. There are insufficient controls and assurances either under the National Parks and Wildlife Act or under other legislation to protect the Park environment from Snowy Hydro Ltd's operations.
- c. NCC's confidence in Snowy Hydro Ltd's environmental standards and performance was much diminished when the company sought and won from the NSW Government a package of amendments to environmental statutes to enable it to proceed with cloud seeding operations in Kosciuszko National Park. These amendments undermined the integrity of Kosciuszko National Park and the ability of the Department of Environment and Conservation to properly manage and protect the Park and its wilderness areas. This has led NCC to doubt Snowy Hydro's environmental credentials, and to doubt claims the organisation makes about its environmental performance.
- d. The Snowy Scheme operated by Snowy Hydro Ltd collects an average of 2,500 gegalitres of water annually, and rights over this water were granted to Snowy Hydro Ltd in 2002 on a long term basis tantamount to ownership. Assurances for environmental flows and for the protection of the environment under the 75 year Snowy Water Licence are not sufficiently secure for a public entity, let alone in the hands of a privatised company primarily answerable to shareholders. For example, Snowy Hydro's obligations to make release increased flows to the Snowy River are subject to judgements and determinations yet to be made; the releases may be made at times which may or may not meet the environmental needs of the river; criteria stated in the licence are sometimes expressed in general terms and open to argument; and, in any case, the obligations may be varied if sufficient pressure is brought upon the Ministerial Corporation to agree. As well, about 1,000 billion litres of water stored in Eucumbene dam is believed to be virtually owned by Snowy Hydro and able to be retained at its discretion. Once Snowy Hydro Ltd is privatised there will be far less assurance that the Snowy River will get environmental releases equal to the 28% of natural flow identified as required by a panel of experts more than ten years ago.

- e. Snowy Hydro Ltd has an electricity generating capacity of 3,756 megawatts and sells power within the National Electricity Market where its services, underpinned by the reliability and flexibility of its generating plant, give it a near-monopoly position at critical times.

NCC welcomed the recent decision of the shareholder governments in Snowy Hydro Limited to abandon the proposed privatisation, although we continue to be concerned that it will come back on to the agenda.

NCC continues to oppose the privatisation of Snowy Hydro Ltd for the reasons summarised in this submission. We welcome a public inquiry which is independent and public and exhaustively examines and reports on the issues, particularly those of an environmental nature. We ask that the Inquiry examine and make recommendations on the issues that we have highlighted.

NCC would like to see the following outcomes as a minimum:

- statutory guarantees for adequate environmental flows to the Snowy River
- statutory guarantees for adequate environmental flows to the Murrumbidgee and Murray Rivers;
- statutory arrangements which mitigate and control the Snowy Hydro Scheme's past, present and ongoing impacts within Kosciuszko National Park;
- reform of the Snowy Hydro cloud seeding experiment to respect the integrity of, and better protect, Kosciuszko National Park and its wilderness areas.
- an independent panel of experts, including one from the CSIRO and from each of two universities to publicly examine, monitor and report on the Snowy Hydro cloud seeding experiment and to recommend whether it should continue.
- adoption by Snowy Hydro of effective programs and actions in response to all relevant aspects of climate change;
- establishment under legislation of rigorous public monitoring, environmental performance standards and targets and strict compliance measures;

- Legislative assurances for the permanent protection of environment values on Snowy Hydro freehold lands.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cate Faehrmann', with a long horizontal flourish extending to the right.

Cate Faehrmann
Director.