

## **INQUIRY INTO GENTRADER TRANSACTIONS**

**Organisation:** Mudgee District Environment Group

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## **SUBMISSION**

Legislative Council

General Purpose Standing Committee No 1

### **Inquiry into the Gentrader Transactions**

Mudgee District Environment Group (MDEG) is based in the Mid-Western Region local government area working for the conservation of our natural heritage and a sustainable future for our children.

MDEG welcomes the opportunity to raise concerns about the recent secret privatisation of the NSW electricity supply through the gentrader transaction. Many of our members purchase green power or have entered into feed-in tariff arrangements with the NSW Government. We are very concerned about the future of renewable energy sources under private ownership of our power supply.

The NSW Government has committed to investing \$1.6 billion of NSW taxpayers money into developing the Cobbora coal mine in our area. This project aims to provide artificially low priced coal to the NSW power stations. The government has been unable to find a mining company prepared to develop the mine and is using taxpayer's money to

produce an environmental assessment report. The NSW Government will have a conflict of interest by being both the proponent and the approver of this development.

While the people of NSW will be paying to produce their own coal supplies to generate more greenhouse gases, the new power retailers will be able to make higher profits through the resale of the 'cheap' power generation.

This \$1.6 billion investment could develop 250MW of renewable energy through solar thermal projects in Central West NSW, with no additional input costs to the NSW taxpayer over an indefinite period of time.

MDEG is concerned that secret deals to subsidise coal prices for gentraders will cause NSW taxpayers to foot the bill for cheap fuel for years to come.

The gentrader transaction has left the people of NSW very exposed to the risk of propping up corporate profits.

While higher energy prices will encourage more efficient use and decrease demand for electricity, MDEG is concerned that a valuable state government income stream is now going to shareholders of private companies rather than to reinvestment in renewable energy sources.

The NSW Government has just given away a \$750 million annual income stream that helps to fund many public services in health, education and transport. This income could also help invest in renewable energy sources that have no major price inputs after

construction.

The \$5.3 billion sale price equates to only 7 years income from NSW power assets. This is a very poor deal for the people of NSW.

Reducing NSW's contribution to climate change will be much more difficult and expensive if the private sector has control of the generator outputs. The power industry produces 40% (60 million tonnes CO<sub>2</sub> per year) of NSW's greenhouse gas emissions.

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 is trying to hide the details of the gentrader transaction from the people of NSW.

We have the right to know what Treasurer Roozendaal has done to our power assets.

Bev Smiles

MDEG Chairperson