

REPORT OF A PUBLIC FORUM BEFORE

**SELECT COMMITTEE ON THE CONTINUED
PUBLIC OWNERSHIP OF SNOWY HYDRO LIMITED**

**INQUIRY INTO THE CONTINUED
PUBLIC OWNERSHIP OF SNOWY HYDRO LIMITED**

At Cooma on Wednesday, 5 July 2006

The public forum commenced at 3.10 p.m.

PRESENT

Reverend The Hon. G.K.M. Moyes (Chair)

The Hon. T. Catanzariti
The Hon. G. J. Donnelly
The Hon. A. R. Fazio
The Hon. P. Forsythe
Ms S. P. Hale
The Hon. M.J. Pavey

CHAIR: Before we proceed to the public forum, I need to deal with a number of procedural and administrative matters, some of which are for your personal legal protection. Witnesses participating in parliamentary proceedings are afforded the same protection that members of Parliament enjoy. In other words, the Parliament has come to you now, and the privileges of Parliament are now extended to you. However, just as members of Parliament are expected to use the freedom to speak on issues within the Parliament responsibly, the freedom of speech that is granted to witnesses is not intended to provide a protection for making adverse statements about other people in public. In other words, there are still laws concerning defamation, libel and so on.

Adverse reflections are generally regarded as allegations of incompetence, negligence, corruption, deception or prejudice rather than lesser forms of oversight or inability which are the subject of criticism in very general terms. In other words, you may criticise, but make sure your criticism is very general. Do not be specific and say it is Mrs A, B, C or D who is the person at fault. If during a public forum the Committee believes that a witness is making an adverse reflection about an individual, the Committee shall give consideration to hearing that evidence in private. If you want to say something which you believe adversely reflects upon us, you may ask me could you give that in private, in which case I will ask everybody else to leave and allow you to say what you want to say. We would not therefore publish that because that would only make the situation worse.

Alternatively, if the Committee is of the view that the evidence is likely to be irrelevant, then I might just tell you to keep quiet and sit down, and that is very democratic because we are protecting the rest of democracy. We are also trying to protect you from someone else deciding to sue, so you will understand how this works. I am pleased to note that a number of individuals have already notified the Committee of their wish to speak at today's public forum. We have a list of those who have registered their interest with us. We will go to those people first. As I call your name, please come to the table where there are microphones and your statement will be recorded by Hansard. I will also ask you to take either an oath or an affirmation and to state your name and occupation.

I wish to explain that it is for your benefit because it places you effectively on the floor of Parliament and grants you some protection and some privilege. Due to the time restrictions, we will allow approximately five minutes for each speaker, but I am a very benign and benevolent chairperson and we will let you finish your longer statement, as long as it does not go in extenso. There will be limited opportunity for members to ask questions at this stage. If we want to ask further questions, we will ask your permission to meet with you about that. Depending on how much time we have at the end, there might also be opportunities for additional speakers from the floor.

VINCENT MAXWELL GOOD, having been affirmed: As a former commissioner of the scheme, it would be impossible to put my views in a five-minute time frame. It normally takes me 15 minutes to make my opening comments.

CHAIR: I have already given the introduction for you, so that will save you time.

Mr GOOD: I am surprised to find myself in a group of speakers described by you, Mr Chairman, as those who do not feel competent to give a written submission and to speak to it. I lodged a written submission that I hope is at least competent in its construction. If you will give me one more minute I will answer some of the questions that were raised earlier today for which no answers have been provided.

CHAIR: You have one more minute.

Mr GOOD: We heard earlier today that Snowy Hydro's managing director could not issue statements about privatisation before issue of the prospectus because only the governments could do so. I draw to the Committee's attention the fact that the managing director had no trouble appearing on the *Business Sunday* program in April and could speak pretty freely on privatisation matters. However, he claimed that he could not attend the Cooma or Griffith public forums and did not attend.

Previous speakers made comments about the Snowy River and Snowy Hydro's accountability and responsibility for the state of the river. I would like to point out that the Snowy Mountains Hydro Electric Authority was given indemnity under the Snowy Mountains Hydro Electric Power Act 1949 for anything that happened to the Snowy River as a result of the actions of the Snowy Mountains Scheme. That indemnity held up until such time as it was corporatised. Any delays in work on the Jindabyne Dam are covered in the water agreement and it requires Snowy Hydro to store that water until such time as the works are finished and then the water can be released.

Riparian flows continue through the Mowamba aqueduct. Over the three years that the water was released straight over the wall at Mowamba, on average 21 gigalitres was released annually. At the moment 100 megalitres a day is being released from the Jindabyne Dam. That is 36 gigalitres a year, which is far in excess of what was released during the three years when water was released over Mowamba. As for water being free to irrigators, it was free to them out of the Snowy scheme—that is, the Snowy scheme could not charge them—but New South Wales would, did and still does.

CHAIR: In other words, Snowy Hydro releases water to the containing dams, including to the Hume and so on, and then the State governments are responsible for dispersing that to irrigators, and they certainly do charge.

Mr GOOD: And charge them accordingly.

CHAIR: Exactly.

Mr GOOD: It was worked out some years ago that the average cost to Snowy Hydro for not recovering expenses from water users was about \$7 million a year.

I was one of the major negotiators on behalf of the Snowy Mountains Hydro Electric Authority throughout the eight years of corporatisation. I was involved in most of the agreements, so I have knowledge about some of it. The water licence was to be a public document and able to be obtained through DLWC, which is now another department. Snowy Hydro is complying with its water licence. It was within that water licence that after three years the water would be turned back from Mowamba to Jindabyne. I take some credit for having that included in the document.

CHAIR: That is a good point to stop. There is a lot of concern about people not understanding that three-year limit. Perhaps you can help the Committee on that point.

The Hon. MELINDA PAVEY: Over the tea break we had a discussion about the Jindabyne Dam. When the dam wall is finished in December as scheduled, and once we see the 21 per cent river flows down the Snowy, what impact will that have on the dam? That is important to put into the public domain to remind people what to expect so the community can prepare itself.

Mr GOOD: It depends on whether there is significant generation out of the Murray requiring water from Jindabyne at the same time that large environmental flows are released. If those two coincide, it is highly likely that the dam levels in Jindabyne will be lower than they may have been historically. There is nothing in the water licence anywhere that requires any of Snowy Hydro's storages to be kept at a particular level. That is appropriate; that is how it should be; and that is right for the company and the water users.

The Hon. MELINDA PAVEY: So the people of Jindabyne may have to be prepared for that?

Mr GOOD: Yes, if those two events come about, they have to be prepared for it. The reality is that people cannot let the water go and have it in the dam.

CHAIR: We all have a picture of Premier Bob Carr, Premier Steve Bracks and Peter Garrett wading through the water saying that the mighty Snowy lives again. That is an iconic picture. Why did ordinary people not understand that there was a time limit?

Mr GOOD: Because the water inquiry was focused on everything but the Mowamba aqueduct and the water from there. The water inquiry determined that specific water flows would be released down the Snowy River, environmental flows of up to 70 gigalitres would be released down the Murray River and after 10 years up to 150 gigawatts an hour equivalent of water would be released into the mountain streams in and around the Snowy. Governments wanted photographs and a political event. So, without knowing what was in the water licence they took it upon themselves to promise to the community that the Snowy would be regenerated by turning out the Mowamba aqueduct. It was already in the water licence. That was a loan. They wanted to get the bang for their buck then, not three years later when Snowy Hydro was corporatised.

The Hon. MELINDA PAVEY: So it has been about substance?

Mr GOOD: Correct. I will say no more.

Ms SYLVIA HALE: Why does the Snowy Hydro Information Centre still have big pictures showing Steve Bracks, Gary Nairn and Bob Carr congratulating each other when the Snowy was restored to flow?

Mr GOOD: The event happened; I was there on the day.

Ms SYLVIA HALE: Now that that event has ceased to happen, do you think it is appropriate that it is still advertising that happy day three years ago?

Mr GOOD: Of course. Why not? It is an event. We as a population are trying to restore the Snowy River. The reality is that it was the Snowy that was the subject of the water inquiry and it is the Snowy that will ultimately receive 21 per cent of historic flows, not Mowamba. To be fair to the community, there is some confusion in the way in which documents are written. In my opinion it is correct for Snowy Hydro to turn the water back into Jindabyne, because legally that is how it is worded.

Ms SYLVIA HALE: The Moonbah River is one of the headwaters of the Snowy. You need the flow up there to then flow down into the Snowy itself?

Mr GOOD: You could argue that, but the reality is that Snowy Hydro was asked to build a new outlet works and, at the same time, to correct its spillway at Jindabyne. That is an exercise that cost the company \$93 million to date. As part of that exercise it is putting in a multilevel off-take. Historically, the water taken out at Jindabyne used to come out the bottom of the dams and all of Snowy's water was drawn from the bottom of those dams. The water is to come out of a multilevel off-take at the right height so that the temperature, oxygenation and other things are appropriate to the river. In my view, Snowy Hydro is maintaining its water licence and it is doing the things that it has to do, with respect to Snowy.

I finish by stating that, if the Snowy inquiry people were to direct their attention to the Water for Rivers Organisation which has \$375 million to buy efficiency gains downstream so that they can be turned back to the east, and it caused them to be more efficient and got the water savings quicker, it would get a better benefit. At this stage that \$375 million from the three governments is not indexed on the consumer price index. Every year that goes past its value falls. It is competing with the 500 gegalitres that are required for the Murray River and with a sly deal done between Victoria and South Australia for an additional 30 gegalitres. If the water is made available, under the water licence Snowy Hydro is required to release it, and it does. If these organisations do not get off their backsides and make the water available, Snowy Hydro has no obligation to release what is not there. I am sorry; I am not an apologist for Snowy Hydro.

CHAIR: Would you like to continue with your submission?

Mr GOOD: This inquiry is really not about how the Snowy Mountains Hydro-Electric Authority operated before corporatisation and the creation of Snowy Hydro. However, comments have been made to denigrate the operation of the authority during the 1990s before corporatisation. I was the business and finance manager for most of that period when our industry was experiencing significant right-sizing and cost reductions. Numbers across the industry were reduced to a half and, in some instances, to a third of previous personnel numbers. The authority was reduced from about 915 people in 1989 to around 350 in 1999. I was commissioner for most of 1998 and 1999. The day before I took over around 150 personnel were made redundant. So I realise the pain people felt at that time.

It was a painful period for everyone in the electricity industry, particularly in Victoria and New South Wales. As the hard slog of significant cost and personnel reductions had already occurred, when the new commissioner took over from me in August 1999 he was able to increase expenditures and personnel numbers across the authority as it moved towards corporatisation. The scheme and its new commissioner appropriately reaped improved morale from increased expenditures, more personnel and less overview from Snowy Mountains Council. The focus was on achieving corporatisation, not further cost reductions. Later I would like to give you a copy of a table of the 10-year view of Snowy Mountains Council, the performance of the authority.

During the period that the industry and the authority were in cost reduction and right-sizing mode with falling budgets, regional managers always requested and were given larger operation and maintenance budgets than they were able to deliver. The funds were available but their ability to deliver on project schedules never matched approved budgets. However, the scheme's assets were in good condition, so much so that plant maintenance intervals between services were later able to be extended and, in some instances, doubled. This inquiry is about the corporatised company, Snowy Hydro, which to date has been very successful.

Credit has to be given to Snowy Hydro personnel at all levels for their success to date, particularly in their niche activities of peak power generation and derivative trading in the national electricity market. It is vital for the company to retain and attract highly skilled personnel to continue with its success in the future. No-one is suggesting that the scheme should revert back to the net cost production financial arrangements that prevailed during the days of the Snowy Mountains Hydro-Electricity Authority. Consequently, comparisons, if any, should be between the corporatised entity and a privatised Snowy Hydro.

While I do not want to see Snowy Hydro privatised and owned by overseas multinationals, it is equally important that this inquiry ensures Snowy Hydro Limited is not put in the same position as other government-owned businesses whereby the shareholders demand the actual annual dividend they require to be paid and, if necessary, require that the company go out to commercial lenders to borrow so as to meet that dividend. Snowy Hydro's constitution states that it is the responsibility of the board to determine the dividend policy and that this methodology should continue in the future. However, you also need to guard against the appointment to the board of political and bureaucratic hacks as they can change company policy and allow governments to strip value from the company.

For the benefit of the State Government, the public bought and paid for New South Wales generation and distribution assets twice. That sort of outcome is not acceptable for Snowy Hydro and would jeopardise the company's future ability to trade viably with appropriate growth and capacity to support community activities in regional areas. The inquiry should be in receipt of Snowy Hydro's

2005-06 annual report and financial details before making decisions on support, if any, for capital raisings for Snowy's wish list. Particular attention should be paid to the performance or otherwise of valley power and issues arising from the late delivery of Laverton power station in Victoria.

Snowy Hydro should justify why its rapid growth strategy must be adopted over a lesser growth strategy that would be funded off its own balance sheet and borrowings in accordance with its current credit rating. I make the point that to trade in the national electricity market you need a credit rating of triple-B plus. Snowy's borrowings has it right on the edge of that. It cannot have any more borrowings or it will lose its triple-B plus rating.

CHAIR: I would like an answer to that question from Snowy Hydro Limited. I have an arrangement with Snowy Hydro that for important questions like that we will get clear-cut answers.

Mr GOOD: The Committee, unlike the public, will have access to Snowy Hydro's future forecasts and will be apprised of any issues or proposed industry rule changes that may impact on the company's financial performance in a positive or negative way. This privatisation exercise fiasco has cost Australian taxpayers any dollar number up to \$100 million. The Australian public deserves to know who paid for what and to whom before the next election. That applies to all three governments—Victoria, New South Wales and the Commonwealth. This includes costs covered by the three governments and the company throughout this initiative.

Furthermore, it is time that the board and personnel of Snowy Hydro accepted the Australian people's verdict that the Snowy Mountains scheme is to be kept in government ownership in perpetuity. If there are employees who cannot come to terms with this they should consider moving on to other pastures. I turn to water management. Snowy Hydro appears to minimise the water data it provides to MDBC, thereby making it more difficult for Murray-Darling Basin Commission [MDBC] to manage water releases efficiently downstream. The exchange of information and data on water from Snowy Hydro to MDBC needs to be significantly improved in timing and quality so as to benefit all water users.

Finally, those of us with limited resources have had to respond to the time frames set by the inquiry but Snowy Hydro, with all its resources, and its almost completed prospectus has been given an extended submission date beyond the general public and has a hearing date in the future. Consequently, it is considered important that the inquiry does not put public submissions on the Internet before Snowy Hydro gives its final briefing to this inquiry. After all, we had not seen until this morning Snowy Hydro's final submission or its prospectus before presenting to this inquiry. Chairman and inquiry members, I thank you for taking the time to hear my comments. I will provide a copy of my presentation for your information.

CHAIR: We have already decided to put various public submissions on the Internet. We believe in being as open and as transparent as possible. Some time tomorrow it should all be on the Internet.

Mr GOOD: As someone who has presented to this inquiry, Snowy Hydro will only make its public presentation later. I think it is a pity that it has happened in that way. It has all the resources; we do not.

CHAIR: I understand that. Snowy Hydro will be making a submission to us. It has already made its major submission but we have asked it to provide another submission on other issues that have been raised today. That will occur in the next few days.

The Hon. MELINDA PAVEY: Everyone is able to make a submission responding to the final submission from Snowy Hydro. We are not closing anything off. You are entitled to comment on the final public submission and on the written submission by Snowy Hydro to counter arguments that you believe need to be countered. That goes for you or anybody in this room.

Ms SYLVIA HALE: The *Hansard* transcript will also be publicly available so people can comment on the verbal comments that have been made.

NORM KOPIEVSKY, having been affirmed: I am a former Snowy employee. I live in Jindabyne and have worked for the Snowy for 40 odd years, first on construction, then on power station operation, and in later years as station engineer in charge of the operation of the Snowy scheme in the Kosciuszko region. Later I retired and I came back to the Snowy as a trainer on power station operation and safety. I have worked for the scheme for a long time. I draw the attention of the Committee and the audience to a letter that appeared in yesterday's *Cooma-Monaro Express* written by a former Snowy employee Mr Geoff Chaplin. Geoff goes to great lengths to extol the virtues of Snowy Hydro. He is obviously quite proud of the organisation.

I worked for the organisation for 40 odd years and I was extremely proud of the Snowy Mountains Hydro-Electric Authority, which later became Snowy Hydro. Every person who worked for Snowy Hydro in the past and in the present should be justifiably proud of the organisation. It is a great organisation, with a few reservations. Today I want to talk not so much about Snowy Hydro but about the necessity for truth and honesty by politicians and by Snowy Hydro. I was born in Bankstown in 1935. In fact, I lived only a few streets away from Mr Paul Keating. I think everybody knows Mr Paul Keating. When I was about 19 years old, like most young Australian men I was forced to undergo two years of military training, or national service.

The Liberal Government at that time, along with the press, told the Australian public that this national service was necessary due to the fact that China, the yellow peril as they used to call the Chinese, was about to attack us. Just a few years ago a spokesperson for the Australian Security Intelligence Organisation said that the Australian security people never—and I repeat never—at any time had any fears of military attack by China. So we were lied to by the Government and by the press.

I worked along the Snowy from 1968 until 2004. I worked alongside great men like Max Talbot and I will include Terry Charlton and most of the people on the scheme I knew. They were all very proud of what they did, and they did it extremely well. For anybody, particularly a politician, to say that the scheme or Snowy Hydro could be run better and more efficiently by private enterprise is actually an insult to those people, both past and present employees of the scheme. They do a magnificent job. I doubt if it could be done a great deal better.

When corporatisation was achieved, Snowy Hydro held a celebration in the Cooma head office, which I was invited to attend. There was finger food, tea, coffee and biscuits. Apart from the lack of dancing girls, it was almost as big as *Ben-Hur*. At the time the question was raised by somebody: Would this corporatisation lead to privatisation? The answer was a definite no. Later events showed that that was not quite the truth. When John Howard was heading for election in 1996, he said that he would not introduce a GST. At the subsequent election, what did we get? A GST! Another lie. We were told that the maximum GST rate would be 10 per cent GST and that most other items would be less than 10 per cent. I do not know a lot of items that I have purchased that have cost me less than 10 per cent GST, so they were a bit careless with the truth in that instance again.

When the Federal Government withdrew from the sale of Snowy Hydro, John Howard announced that the reason he was withdrawing was because of the great concern of the Australian public, which he had not realised, for Snowy Hydro. The fact of the matter was that he had legal advice that led him to believe that to proceed with the sale would be illegal, so the statement that he withdrew because of public concern was a lie.

What I am saying by this, and I do not have a great deal more to say, is that any assurance that this sale, this privatisation, is dead in the water must be taken with a great deal of salt. Knowing that multinational companies and overseas companies need and have a greed for scarce resources such as power, energy and water that is almost insatiable, there will be further attempts at privatisation of the Snowy Scheme, I am quite sure. Any assurances that we get from politicians about the end of the sale have to be firmly written into law so that they cannot be modified or changed by that government or any subsequent government. I would like to ask a number of questions regarding the sale or proposed sale.

CHAIR: Are you aware that the New South Wales Parliament has already passed legislation that indicates that agreement must be reached between both Houses of Parliament, which is very difficult to achieve on anything? Part of your concern has already been addressed.

Mr KOPIEVSKI: Thank you, sir. Yes, I was aware of that, but I think at the moment the Federal Government controls both Houses. I can see in the future that you could have either government, whether it be Liberal or Labor, in a position to control both Houses of Parliament. I feel we need to be very careful. People who do not want Snowy Hydro to be privatised need to be very careful that it is set absolutely in concrete, that it cannot be modified by subsequent governments or by the present government.

I think most of us would like to know who was really responsible for the proposed sale. Premier Iemma got a lot of flak from it and so has his Finance Minister. I do not believe those people were actually at the forefront of the sale. I would like to know who was really behind it. Whether we will ever know, I do not know. How long had this planning being in advance before the sale was announced, or the proposed sale? Was it long before corporatisation? I suspect it probably was a long time before that. What happened to the documentation pertaining to the sale? We have talked about that a bit earlier when Vin Good was talking, so I will not go into that very much. Vin talked about the final cost to the taxpayers, and that would be an interesting little bit of information, particularly when Snowy Hydro is saying that it is short of money to carry out vital maintenance work and upkeep. How much of the money that was spent on privatisation would have gone towards that?

CHAIR: Can you come to your final point, please?

Mr KOPIEVSKI: Yes. My final point is: Why has there been such a lack of transparency in this whole business? Throughout the whole privatisation deal, there has been a lot of innuendo, if you like. I believe that the Australian public needs to know a lot more about who was behind it, et cetera. Thank you very much.

PETER ANTHONY COCKER, having been sworn: I work as a rock-climbing guide in the Snowy Mountains. I also worked on the Snowy in the early 1960s. This is really about water, the most valuable resource on our planet. Clean water underpins the health of the nation and determines the quality of life. Agriculture and industry depend on it. The Snowy Hydro catchment has the largest storage of cool, clean, clear water in south-eastern Australia. You cannot place a price on this resource. It can solve Sydney's water shortage. It can repair the health of our ailing water systems. It can provide security in our lives. It can provide for our children and generations to come and beyond. To sell it is to lose control of our lives and our destiny. To sell, it is gross folly. To sell it for \$2.8 billion is blind stupidity—maybe even corrupt?

Was there an independent valuation of Snowy Hydro assets to assist in setting a price for privatisation? If an independent valuation was not carried out, the question is why. It is important to note that the people behind privatisation all had legitimate vested interests in a successful outcome. It is important to know what other water aspect of Snowy Hydro was considered during the valuation. I mention this because CEO Terry Charlton explains that Snowy Hydro was about electricity production and not about water. He added that Snowy Hydro did not own the water. What he failed to mention was that Snowy Hydro controls the water and this control will enable Snowy Hydro to earn hundreds of millions of dollars.

About the bonds, it should be noted that the need to finance Snowy Hydro by the sale of bonds has nothing to do with the maintenance of the existing Snowy Hydro Scheme. It is about Snowy Hydro maintaining its monopoly. In order to do this, it needs to build two gas-fired power stations. I repeat: This is not about maintenance, it is about monopolies. If Snowy Hydro has a monopoly, it can determine the price it sells its electricity for. If it increases the costs of this electricity, the compensation it will receive from water used for environmental flows or any other purpose will also increase in proportion. This is a nice position to be in.

The other concern is: Would the environment be protected by a privatised Snowy Hydro under a board of directors whose purpose is to maximise profits? Their past record does not make me feel confident that they would have cared for the environment. I am referring to the failure to establish the scientific committee to monitor the health of the rivers. The fact that they are comfortable about building two gas power stations, technology that other nations have already abandoned, makes one tend to think that it is profits first. It is worth remembering that we are entering a period of uncertain weather patterns. Our rivers need care. This cannot be left to chance.

The Snowy Hydro has to be asked whether it will continue to cut funding to community groups in the area. Is this payback for the community supporting the no-go on the done deal? Also it must be asked of the board: Will it be withdrawing funding to Essendon Football Club? If not, then we know that this is payback and not a shortage of funds. The Prime Minister said that it is likely that compensation will have to be paid because of the sale being aborted. Reverend the Hon. Dr Gordon Moyes also hinted at large compensation being paid for the same reason. We should know who this compensation will be paid to, why, and how much, as this is a public company and the taxpayers are really still the owners. Business confidentiality cannot be used to bypass these important questions.

There are two vacancies on the Snowy Hydro board of directors. We would like to think these positions would be allocated to the community so that we can select our own representative, including an independent environmental scientist. This is not too much to ask as the people of Australia financed the scheme in the first place. Having community representation on the board of Snowy Hydro is particularly important because many of us do not believe that this privatisation has been laid to rest. The price is too great. Many people get rich very quickly. Should Snowy Hydro be privatised, it will be the greatest rip-off in Australian history.

CHAIR: Thank you. Could I just indicate to you, Mr Cocker, that some of the questions you raised, particularly the issues about compensation and how much, to whom it should be paid, and whence it to be paid and so on, will be questions that some of the same people on this inquiry will be asking of the key government figures in what is called the budget estimates committee meetings—a whole series of meetings that run all day for many days—beginning on 28 August. Those questions are being asked now of government leaders. I would imagine the answer is whoever ordered services to be done by various operators and banks and so on—whoever ordered them to do certain things will have to pay for it. That will be in *Hansard* by the way, so you will be able to look that up.

ANGEL JOHN GALLARD, having been affirmed: Mr Chairman and other Committee members, my Aboriginal name is Gura-dyarralang. I am a member of three tribes, Viking, Celtic and Aboriginal, so I am speaking for all three. I am proud of my ancestry. I am also Chairman or President of the Dalgety and District Community Association, and I am speaking as a person who has made a submission. I am speaking on behalf of the Dalgety and District Community Association as well as myself at this time. Budjerri dyillagamu. That means welcome to the mountains. I am of the Ngarigo people and this is my grandmother's grandmother's country.

CHAIR: We acknowledge the ownership of the land.

Mr GALLARD: Questions have been asked about who owns the water. I can tell you with great authority that the greater spirit Ngarigo owns the water; we are just the custodians for the wise and sustainable use of that water. How that water responds is due to our good custodianship. We should all take that on board; it is for all people. My main point is about section 57 of the Snowy Hydro Corporatisation Act. Numerous other people have addressed this issue in their submissions because I brought it to their attention. One such submission is that of Craig Ingram, the Independent member for Bairnsdale. We have all discussed this and talked about it at length. This is a very serious matter.

The Snowy Hydro Corporatisation Act binds the Crown; it is the law. It binds everyone here, including all State Ministers and the State of New South Wales. However, it is also something which concerns us with regard to the Federal Government and the Victorian Government. Under the heads of agreement the three governments agreed that a Commonwealth Minister would be nominated to oversee the implementation of the heads of agreement, hence the existence of this Act. There are three Acts: the Victorian Act, the New South Wales Act and the Commonwealth Act. The New South Wales Act features the implementation of the Snowy Scientific Committee. I draw the committee's attention to this. Again, this Act binds the Crown—

CHAIR: This is the committee that has not yet met.

Mr GALLARD: It has not yet been formed. Section 57 states:

- (1) There is established by this Act a body corporate with the corporate name of the Scientific Committee.

This Act was implemented on 28 June 2002. That is the date when this scientific should have come into being. It should have already been put together by the New South Wales Government and it should have been ready to run and to follow up the benchmarking works done by the Department of Infrastructure, Planning and Natural Resources of New South Wales. The department produced its benchmark document, which in its summary refers to the Snowy Scientific Committee, and there was a legislative commitment to following on the essential works carried out until the date in 2001 when the benchmarking was finished. That was 1997 to 2001. They fully expected that the Snowy Scientific Committee would be in place and ready to take over and to carry on that essential research and monitoring of the first environmental flows introduced on 28 August with great fanfare by the three governments.

At no time during the ceremony at a Moonbah River and the Mowamba aqueduct did anyone mention anything about the Moonbah flow being taken back in three years. In fact, if members were to read the water licence agreement they would have difficulty finding that statement because everything is ambiguous. It is like a hollow cardboard tube: it is open at both ends. We are talking about the Moonbah River and the Mowamba aqueduct. Section 6.3 of the Snowy Water Licence states:

Where Licensee Does Not Construct Outlet By Due Date

That is, the outlet at Jindabyne Dam—

If the Licensee does not construct an outlet at Jindabyne Dam by the third anniversary of the Corporatisation Date which was 28 June 2002—

the Licensee must:

- (1) target to release from Mowamba River and Cobben Creek aqueducts into the Snowy River as far as possible the same volume of water that would otherwise have been allocated from Jindabyne Dam to Snowy River Increased Flows, and
- (2) store within the Snowy Scheme that volume of water that:
 - (a) would otherwise have been allocated from Jindabyne Dam to the Snowy River Increased Flows until the date of the commissioning of that outlet—

It still has not been commissioned—

was not released by the Licensee by way of substitute releases referred to in **subclause 6.3 (1)** of this **Schedule Three**,

and, from the date of commissioning of that outlet, must release that volume of stored water in addition to the then applicable Snowy River Increased Flows.

That is a very important section. This is one of the things that we have drawn attention to—

CHAIR: Is that section 97?

Mr GALLARD: The Snowy water licence was dated 1997.

CHAIR: With regard to the two issues that you raised concerning the Scientific Committee, I know that someone at this table has already asked a question of the Minister about why that has not been done. To my knowledge, there has been no answer to that yet, but the answer must be given within 30 days. I expect an answer on that.

Mr GALLARD: At the meeting we had with Mr Della Bosca in February at Snowy River Shire Council chambers we asked a number of questions, including about the Snowy Scientific Committee. He promised us he would give us answers in writing. It is now July and we still have not received a reply from Mr Della Bosca's office on any of the three letters that we have sent to him and in honouring the verbal agreement he gave us about our community having access to the stream flow

recording data through the Department of Infrastructure, Planning and Natural Resources and Snowy Hydro's gauging stations.

CHAIR: I cannot speak on behalf of Mr Della Bosca, but a senior member of his staff is here today and will have noted your concerns. I would not be surprised if you get an answer quickly now that the issue of privatisation is off the front boiler. I think there were reasons he did not want to answer questions, because I asked him questions in the House and did not get adequate responses. Now that privatisation is off the boiler you will get an answer. The circumstances have changed.

Mr GALLARD: Thank you, Mr Chairman. With reference to the Moonbah issue—

CHAIR: I think you have exhausted your time, but you are well ahead.

Mr GALLARD: A diagram appears in my submission. It is like a hospital chart showing new life coming into the Moonbah River after the water was allowed to flow into the Snowy River. The flat point is the point at which the Mowamba aqueduct was stolen. The flat line is where the life-support system was turned off and the river died. This is a flat line river with no variation in environmental flows. All the gains of the previous environmental releases, which were announced with great fanfare, have now been undone.

ACACIA ROSE, Writer, having been sworn: Mr Chairman, members of the Committee and gathered friends, we are all concerned about the state of the Snowy Mountains, our water catchments and the future of the national electricity market. There is no doubt about that. It is a complex issue. At the beginning of the privatisation process I think it is evident that instruction was given to the management of Snowy Hydro to go down this pathway. In 2000, Senator Minchin said that he would not privatise Snowy Hydro. In good faith the community went ahead head thinking that co-operation between three governments, including many changes to legislation, was a fantastic experiment and experience in intergovernmental liaison and that that resulted in a heads of agreement between the three governments. We came out of it with the Snowy Hydro Corporatisation Act and the Snowy water licences, which have just been mentioned.

I was one of the innocents who believed in the process. I heard warnings from esteemed people in our scientific community, but I disregarded them and went along with it. It was an unfortunate shock on 1 December when I heard about the privatisation. I tried to put it at the back of my mind and I was reminded on 2 December that privatisation was on the agenda and that we could not ignore it. Since that time we have seen an extraordinary process in this community. A broad cross-section of people have come together, including regional councils, farmers, environmentalists, business people and chambers of commerce. That experience and experiment in itself has been amazing and a uniting force in this community. I congratulate all the participants and hope that we continue on in this process.

One of the players we would like to include—and I thank the Chairman for this facilitation process—is Snowy Hydro Limited and its staff. We want closer community consultation with Snowy Hydro Limited and the New South Wales Government. They are our friends. These are the people who keep the scheme working. It is the critical infrastructure that provides water for agriculture. It is also critical to our energy security in this country. We cannot afford to sell it off. We do not know what the future holds. We know that we are in a sensitive regional security climate at the moment. It is wise that we pause and ponder.

I will raise a couple of key issues to the community and the Committee. First, the community wants a community consultative committee to be formed to liaise closely with the Snowy Hydro Limited board and management and the New South Wales Government. We would like that committee to reflect the broad stakeholder interests, including the Murray-Darling Basin Commission, local farmers, chambers of commerce, environmentalists and others. We would like that consultative committee to be a part of the process in determining and electing board members to Snowy Hydro Limited. Traditionally in Australian life, members of any corporate board have financial experience and knowledge, and that is a good thing. We need to grow our economy. We are moving towards more sustainable economies and we need to reflect that trend in the management of our natural resources in particular.

The next issue is the financial management of Snowy Hydro Limited. Several financial management models have been proposed. In the interim, until we have reached a solution and an agreement about the best course of action, we should establish a special Snowy water fund so that all the income accrued to Snowy Hydro Limited, which is between \$400 million and \$450 million, is administered by a neutral manager who may liaise with the three governments and the other States and Territories in Australia, reflecting the broader ownership of Snowy Hydro Limited by the Australian people.

The third issue I wish to raise is governance. I am sure that those who have read Snowy Hydro's corporate intent know that this organisation has been through its strategic management plan. It has employed some good consultants and it has good core ethics and principles. That is commendable. However, in my experience in writing values for better management and self-managing leadership programs for senior executives of global companies I have found that it is difficult to bring about transformational change at the top leadership level without a degree of reflection on those principles. It is incumbent upon every member of the community and every employee to determine what are our individual core values before we collectively go forward with a strategic vision for Snowy Hydro Limited in particular.

I respectfully request Snowy Hydro to revisit its statement of corporate intent and its core values and work with the community, so that collectively we can forge a strategic vision for this important asset for all Australians in the future. The fourth important aspect of this meeting on which I will touch briefly is climate change. Some years ago the European Community dropped gas power plants. There was ban on gas power plants because of the CO₂ emissions. One of the main features in Snowy Hydro's submission is that the corporation hopes to grow the corporation basically by entering into the gas power market. We need to stop and look at the impact of gas power plants on CO₂ emissions. Perhaps Snowy Hydro has a niche in the market underpinned by a report in the *Australian Financial Review* about a week ago that the energy regulator is tightening up controls for power stations on delivery and transmission.

So the position of Snowy Hydro is strong in the market. I do not think it needs to feel insecure or that it has to grow. The income accruals are certainly adequate to maintain infrastructure and for additional funding. Finally, I would like to make reference to the Public Service International Research Institute. I forwarded some references to the secretariat of this Committee and I have further references. This is an international organisation that looks into public services and their potential for privatisation. Its report on the New South Wales green energy paper some years ago shows that the New South Wales Government has failed to fulfil four fundamental International Monetary Fund [IMF] principals for privatisation. It also indicated that the public privatisation experience in the New South Wales Government is flawed. I have some quotes that will forward later to the Committee on that. Briefly, it states:

The New South Wales Government has not provided evidence on four key IMF conditions and the security of the electricity supply is increasingly at risk with interconnected energy reticulation.

We need to look at international experience in national electricity markets. Australia is well behind the eight ball. Other countries are reclaiming public infrastructure, in particular in the water utilities sector and also in the energy sector. We know that the British privatisation experiment, upon which it appears Snowy Hydro's principles are built, is flawed in some respects. It was helpful for large industrial consumers of electricity, and that was primarily attributed to the drop in fossil fuel prices and not in structural reforms to the energy market. Consumers were subjected to the introduction of smart energy cards and they could buy electricity at preferential prices. That was not appreciated or capitalised on by individual consumers, or small residential consumers. They saw a rise in electricity prices. So I think we need to appoint an independent international expert to examine what has happened in energy privatisation globally and to advise our Government on the way forward.

LEE TAYLOR-FRIEND, having been sworn: I am a full-time mother, a part-time poet and an occasional organiser of the odd rally here and there. Through a twist of fate and a fire in my belly I became one of the organisers of the rallies against the proposed sale of Snowy Hydro. I am not connected to or affiliated with any group or political party; I am simply a member of a community I love. I have passionately defended it and will continue to do so whenever the need arises. Today I would like to commence with an extract from an article published in Britain's *Daily Express* on 17

May 2006 that was written by a prominent journalist, social and political commentator, Mr Christian Wolmar and states:

Water privatisation is not working. The water industry was one of the last to be privatised by the Thatcher government which was wary of selling it off because water is a basic commodity that is essential to everyone. However, as the Tories became more desperate to sell off the family silver, the industry was finally sold off in 1989 and that has proved to be a mistake, just as with the railways.

As with all the privatisations, the industry was given an easy ride by the regulators which meant the companies quickly made handsome profits. The government wrote off £5 bn of debts and fattened them up with a £1.6 bn dowry. But instead of reinvesting their profits in the industry, the water companies ridiculously "diversified" into all sorts of unrelated industries such as hotel management and television franchising in which they lost a lot of money.

Now, fortunately, most of the companies have sold off these loss making subsidiaries but much of the industry is now in the hands of big multinationals whose only aim is to please their shareholders rather than to consider the long term needs of Britain.

And of course, the big beneficiaries were the managers and directors of the newly privatised companies. Within two and a half years of the sell off, the salary of the ten chairman of the water companies had risen by 166 per cent and 33 directors had received share options worth £130,000.

The great privatisation trend of the 1980s and 1990s has now been re-examined in the light of two decades of experience which show that most of the benefits of this sell-off have not materialised.

In his major study of privatisation, *The Great Divestiture*, Professor Massimo Florio concludes that the benefits of privatisation were, at best, "modest" and more important, their effects were "regressive"—in other words, far from benefiting the poorest sections of society, privatisation has helped some fat cats get richer and the rest of us have had to foot the bill.

I refer to an extract from a letter published in the *Cooma-Monaro Express* on 22 June 2006 and written by Mr Max Talbot, which states:

The Managing Director of Snowy Hydro, Terry Charlton, has recently been reported as saying that the few handfuls of people who stopped the float rather than protecting the scheme have done the opposite and kicked a spectacular own goal.

The most spectacular own goal was kicked by Mr Charlton and the three governments when they decided to privatise the scheme without first informing the electorate of their intentions.

Mr Charlton also revealed some of what Snowy Hydro want the additional \$1.5 billion in capital for, to invest in further gas peaking plant, to purchase a retail electricity business in Queensland, to invest in a call centre and housing development.

The latter three are hardly core businesses.

He is also reported as saying that capital will now be scarce. Snowy Hydro would need to cut expenditure on maintaining the scarce traditional assets. This statement should ring alarm bells for all who depend on water from the Scheme as water can only be stored, diverted and released if the Scheme's infrastructure is well maintained on an ongoing basis.

As Max Talbot said, alarm bells should be ringing. If we cannot learn from the mistakes of other countries, what hope do we have? The upside of this proposed sell-off has been a raised level of public awareness and a coming together of many individuals and groups to fight for a common cause. As a community, and indeed as a country, we need to have a social conscience for a sustainable future and we need to care. We need to consider the long-term effects of decision making. Once the farm is sold what do we have left? How can you lead a horse to water and try to make it drink when you have sold off the farm and can no longer gain access to or afford the water?

Acknowledge that privatisation of our public assets to the tune of \$82 billion over the past 20 years has seldom been what the people want. A referendum on any issue of national importance is mandatory before privatisation of any further public assets. This is done quite successfully in Switzerland every three to four years to coincide with general elections and is therefore cost-effective. I have heard many people ask the question: Are we a democracy or a dictatorship? Let us lay this question to rest and let the people decide. Another point I want to make, talking about the fact that potentially we have spent \$100 million on this failed attempt to sell Snowy Hydro, is that if you asked the people in the first place they would have told you no, it would have saved a hell of a lot of hassle and we would not all be here today.

Lastly, encourage reform and empower communities at a local level. A very prominent member of council said to me that while stopping the proposed sale of Snowy Hydro was a great thing, he now feared for council's ability to obtain necessary funding. Council or community members should not have to fear reprisals or retribution, direct or implied, financial or otherwise, for acting in the best interests of their communities and standing up for their beliefs. This matter requires serious investigation and immediate reform.

SHARON CLAIRE HOWES, having been sworn: I am executive officer, organisational development safety and environment, Snowy Hydro. I am speaking today as a resident. Mr Chairman and members of the committee, I moved to this community about 3½ years ago to join what I believed to be a growth-oriented and successful company, Snowy Hydro, and a progressive community, that of Cooma, Jindabyne and Berridale. I had read many books about the Snowy Mountains scheme and the culture of a community that had once embraced change and cultural diversity and, above all, had a can-do attitude. In recent months, however, I have been confronted by many in the community who cling to the past and do not embrace change, rather wishing for the old days.

Whilst there is knowledge about the history of the scheme there is precious little knowledge in the community about the current business relevance of the scheme as part of the Snowy Hydro business operating in the national electricity market. I discovered this lack of knowledge firsthand in many social situations when someone in the community raised a concern or asked a question about the sale and mistakenly believed that Snowy Hydro was being sold to an overseas company, or that somehow a very large company was going to come in and mysteriously take away all our water, stop the rivers flowing, stop people using Jindabyne Dam and, after closing Cooma office, sack all the employees and allow the scheme to be run right into the ground.

These misguided and, at times, quite hysterical views were further supported by the local media. Like many employees who are also members of this community, my family experienced both intimidation and a degree of fear mongering. For example, my daughter was asked on numerous occasions when we were leaving because obviously I was going to lose my job because of privatisation. I might add that this happened to every employee in Cooma and it was another example of all the misinformation in the community. I refer to further deliberate acts of misinformation. My daughter was confronted by posters in the girl's toilets at Monaro High School stating, "Save our water and stop the sale." She asked, "How is Snowy Hydro going to take everyone's water?" I just wish more people had stopped and asked questions.

What drives the fear that somehow someone was going to take away our water? It is ignorance and a gross lack of trust that a government could continue to control the licences that dictate how much water Snowy Hydro must release. I heard time and again from my neighbours, "We do not trust the Government, but we want it to control Snowy Hydro." When I have had the opportunity to talk to friends and neighbours in the community about how the scheme is part of a much bigger business that now competes in the national electricity market, that it makes half its profits from risk management products that are hedged against the scheme, and how those profits are ploughed back into higher engineering and maintenance standards than existed under government ownership and into attracting the best and brightest employees we can get, I am met with surprise. I then try to explain to them that the assets have to be more reliable than they were before to make sure that Snowy is now relevant to the market it operates in, and hence generates those profits that look after people, plants and the community.

Any business person in the Snowy Mountains will understand the need to identify the threats to a business and, where necessary, obtain the capital to expand. I understand that, similarly, Snowy Hydro needs access to their large amounts of capital to grow to compete. When I have explained these facts to people in the community, particularly how the Government regulated the water licences and how the Government determines how much water is released, irrespective of who owns Snowy Hydro, I get a very different response: "I didn't understand that" is the usual response.

As a resident of the Snowy Mountains I am concerned that there was a void of information provided to the community over the last six months and that that void was filled with fear and misinformation and a clinging to the past by a community that once prided itself on being at the forefront of social and economic change. Well-intentioned people have acted without all the facts. Divisions were created in the community, and the anti-sale lobby, supported by the local media, did

much to intimidate those who sought intelligent debate and balanced information. I am concerned that the government bureaucrats who managed this aborted process refused to allow Snowy Hydro to communicate directly with the community to ensure that the community understood what the issues were. I am concerned that the benefits that have been enjoyed by the community as a result of Snowy Hydro's success to date will now reduce over time as the company loses market relevance—even though this may take many years.

We have local councils that failed to show leadership and ensure that the facts were presented, failed to appreciate the benefits that flow from successful private sector organisations and that failed to comprehend that businesses listed in the ASX100 are very conscious of their social and environmental obligations and their community profile. It is those social responsibilities that have an impact on share price. I am concerned that the leaders of councils and our local politicians chose political populism over commercial realism. I am concerned that the Cooma community, while well-intentioned, has sent a very strong message to governments, Snowy Hydro and the broader community that "We want things the way they are—and we don't want change".

Since joining the national electricity market six years ago, Snowy Hydro competes and survives in an environment of change. This is incompatible, I fear, with operating in the Cooma culture that is now presented to the wider audience. I am concerned about the future because I believe that more questions should have been asked before blindly accepting the fear mongering that has been so prevalent in the community debate. I quote a headline in the *Australian* newspaper, rather than our local one, on 6 June, "Snowy icon could end up in a museum". On 6 June, the *Daily Telegraph* had a headline "Snowy Saga just living in the 50's", and a comment in the *Age* on 3 June:

... the loss of talent from the company will probably be the main cost of yesterdays skewering of Steve Bracks and Morris Iemma by the Prime Minister ... and Snowy Hydro's profits will fall in the future because it is left with second-rate staff ...

As a resident, I am concerned that the 35 professional staff and families who have made Cooma their home in recent years, not to mention all the other highly professional people, including the 184 Cooma-based employees who are also members of this community, no longer believe they are part of a dynamic business. They do not want to work in a museum in the mountains, no matter how iconic it is. Most importantly, they are suggesting they do not want to work in a backward-looking community.

[*Interruption*]

CHAIR: We listen to the presentation, and we listen to it courteously, thank you.

Ms HOWES: In closing, I am disappointed that government bureaucrats did not allow proper community debate and am disappointed that the void of information was filled with fear and ignorance. I am disappointed in the political opportunism and lack of leadership by those who purport to be community leaders. I am disappointed that the future of this town of so many good people could now be undermined by ill-informed, though well-intentioned, people who do not understand the complexity of operating of business such as Snowy Hydro in the national electricity market.

Retired ex-employees do not speak for the future of my children and the career prospects of all the new people who have been attracted to Snowy Hydro, not just in Cooma, but in Sydney, Khancoban, Cabramurra and Jindabyne. They do not come to Cooma because of the heritage value of the Snowy Scheme: they come for a future. To those in the community who seek permanent government ownership, I will make two closing remarks: Firstly, I have not met one current employee who wants to return to the culture or the work conditions of government ownership. Secondly, to the community: Be careful what you wish for. A museum in the mountains will never generate the community wealth and prosperity that an ASX100 listed company would.

CHAIR: There is no point in trying to interrupt a presentation. We will give you an opportunity in a forum like this to have your turn. Your turn has not come yet. Thank you for that presentation.

CORAL MARGARET TALBOT, having been sworn: I am very happy to announce that I am Max Talbot's wife—that dragon, you might all think. I am also a concerned mother and grandmother.

Further to the submission that I put in, I have a copy of this one for each of you because I have included two newspaper articles for your benefit.

CHAIR: Thank you. The Committee's secretariat will distribute those.

Mrs TALBOT: Further to my submission, please see attached two newspaper articles taken from the Snowy Hydro Limited web site on 29 June 2006. They are titled, "Reason sunk in a torrent of emotion—The Prime Minister's Snowy Hydro backflip is a depressing reminder of the dangers when governments caved in to populist hysteria", by Janet Albrechtsen in the *Australian* on page 14 on 7 June. Personally I find such journalism to be truly dangerous as it is misleading, not well-balanced, and is ill-informed on the technical aspects of the Snowy Scheme; nor does it give the potential positive-negative impacts to the present owners, the Australian citizens. What is this lady talking about when she states:

Howard knows that keeping the Snowy Hydro in government hands is lousy policy. He knows the price of appeasing the vested interests, the sappy sentimentalists and the agrarian socialists opposed to the sale will be paid by future generations.

It would appear, I believe, that this lady does not live in the real world if she believes what she has written, nor does she understand what many Australians from all walks of life think and believe. It is also of concern that governments appoint people with such bias to government boards, such as the ABC.

The second article is, "Howard's snappy shuffle leaves Labor states, and Snowy Hydro, flat-footed", by Stephen Bartholomeusz, in the *Age* on page 12 on 7 June. While this is a much more moderate article, in my view it still demonstrates a gross lack of understanding in regard to the issues and the impacts on the present owners, all Australian citizens. The fact that Snowy Hydro Limited, owned by the people and regulated by government, has them on their own public web site leaves a lot to be desired. I honestly believe this is an appalling state of affairs and should be condemned as an abuse of privilege designed to mislead people and denigrate those who opposed the sale.

The current management and board are there to act for common good and without fear or favour in the best interests of the owners, who at no time were asked if they wanted to sell, and they just happen to include the people who opposed the sale. I believe that the people who opposed the sale of Snowy Hydro Limited opposed the sale of all our essential infrastructure, control of our water and the erosion of democratic rights and processes, full stop. If infrastructure does need to be sold, then approval to sell should be by referendum. It is time our politicians were more in touch, open and honest with the people.

The second area of my concerns is the control of free speech and whom employees of Snowy Hydro Limited may associate with, even outside working hours, without fear or financial consequence. You might say that this cannot happen, but you must realise that living in small communities is very different to life in a large city. People cannot easily up and leave their employment and expect to find other employment with similar remuneration, et cetera, without uprooting their family, as you might in a big city. Employees' salaries are related to performance agreements that include a very generous bonus system. I know many of these people personally—know they are really good people who give their best to the job and to their family.

I also know that when it comes to business, some things are truly confidential, either on the grounds of privacy or commercial grounds. This has never been a problem in the past and my husband and I respect this. We have not pressed anyone to oppose the sale, let alone have we sought confidential information from Snowy Hydro employees. Rather, we believe people have to make their own mind up and stand for what they believe in.

At the time Max retired, he and I were given the honour and the privilege of being life members to the Cooma Snowy Hydro Social Club. For about seven or eight years now, social club members and their families have come to our property for a bonfire night—usually between 60 and 80 turn up—and an evening of plain good fun is had by all. The bonfire took place on 3 June and, as usual, it was a very pleasant evening. We have also been invited to their annual Christmas In July dinner to be held on 30 June, and we usually attend the Cabramurra Ski Club Ball later in the year, as well as periodic picture nights. However, we have now been told that it is inappropriate for the

Talbots to attend such functions. We also find people ill at ease, should we bump into them in the street or wherever.

I can only believe that management of Snowy Hydro Limited intends to isolate the Talbots from an organisation and the people who were once such an important part of their life. Surely this is excessive control over the lives of people in a work force, let alone one that is owned by the people, regulated by governments in a democratic country such as Australia—all because one expresses a different point of view in good faith and believing in common good. Thank you for your time.

MARGARET ANN MASSARI, having been sworn: I am a current employee of Snowy Hydro. I am a systems administrator in information services. I just really want to say one thing. This is my personal letter. I really found it quite insulting that someone proposed that Sharon's speech was put up by Terry. This is something I volunteered for. I am quite nervous, so I would just like you to bear with me. Thank you for giving me the opportunity to express my views today. I consider myself to be an average Australian, having the same issues and concerns as most people. I have been fortunate enough to be employed by the Snowy Mountains Authority and now Snowy Hydro Limited over the past 20 years.

Working for Snowy Hydro for the past six years has been extremely fulfilling. Sad to say, that has not always been the case. Corporatisation has opened doors for opportunity in the workplace along with cultural change and monetary rewards. Prior to corporatisation, those opportunities did not exist. I have concerns about the long-term competitiveness of Snowy Hydro. I find it hard to understand how we can remain competitive in the national electricity market without the funds to take advantage of opportunities that are presented to us when our competitors are doing exactly that. I am sure that people with more knowledge than myself will touch on that subject. I have a fear that Snowy Hydro will become irrelevant in the market. Should this occur, I am sure that jobs will be at stake and the effect on the local communities could be devastating.

The youth in country areas need to have a future as they are our tomorrow. The majority of teenagers in Cooma, when finishing school, leave the local area due to lack of opportunity. The family unit is broken at a critical time when children need family support to ease them into their adult life. You may ask: What has this got to do with Snowy Hydro not been privatised? Well, in a small country town we should be looking for every opportunity of growth and embrace it. I believe growth and opportunity was one of the big factors for me supporting the sale along with my understanding of why the sale of Snowy Hydro was necessary. Knowing the water license agreement was put in place when we were corporatised and nothing changes there if we were to be privatised.

Snowy Hydro over the last six years under the leadership of the CEO and the executive has been extremely generous to the local community, local schools, and sporting bodies. The CEO and executives have also developed a good working relationship with the staff, building respect and trust. Looking back, we have come such a long way from a company going through the motions to a vibrant company looking to the future with growth opportunities that would benefit local business and the Cooma community along with local communities in the region, hence providing opportunity to local youth.

I believe that had things been handled in a different way, as in informing the community on what Snowy Hydro's business is, there would not be the need to express my views today. Of the locals that I have spoken to, they only have an understanding of what the Snowy Mountains Authority did—maintaining the scheme and something about water. Those days have long gone. Snowy Hydro Limited is a very vibrant business. Growth in any business means more jobs and opportunity for all. It is a shame that the local community did not have all the information required to make an informed decision. This was due to the restrictions placed on Snowy Hydro by the IPO process. Snowy Hydro Limited is the only local employer that offers positions from trade through to professional careers. Not being privatised has removed possible career opportunities and growth in the local community. We should be thinking not of ourselves but of the youth in this town. They are our leaders of tomorrow. We should be investing in our youth giving those who wish to stay every opportunity to remain in the area while fulfilling their dreams.

I feel Snowy Hydro has a factual story to tell of success in business with a workforce of enthusiastic people. To describe Snowy Hydro today, Wednesday 5 July 2006, it has gone from a

vibrant, excited workforce to disbelief and uncertainty. Let us not turn Snowy Hydro into a museum; let us give our youth opportunities for the future. Snowy Hydro is the largest employer in the regional and we should be proud and embrace the future, because that is all we have. The past has already moved on.

RICHARD CLARKE, having been sworn: Good afternoon and thank you for allowing me this opportunity. I will be talking more about missed opportunities later. Firstly, I would like to clear up some misconceptions about Snowy Hydro. Regarding the control of water, Snowy Hydro does not own, nor ultimately control, the water it collects. The analogy I have heard is that it is like a glass of water: Snowy does not own the water, but it owns the glass, therefore, it apparently controls the water. This is misleading. The Government dictates by law how much should be tipped out of the glass every year.

The New South Wales, Victorian and South Australian Governments, via the Snowy water licence, ultimately control the waters of the Snowy Mountains. The licence was agreed between the various governments at the time of corporatisation and would require ministerial consent to change. I reiterate: Snowy Hydro Limited does not own, nor does it control the water it collects. This is the case now and it would have been the same after privatisation.

The second misconception is that a private company would not maintain the iconic hydro scheme properly. No private company would invest \$3 billion and then proceed to waste it by bad maintenance practices. Only governments do that. The investment in assets would be driven entirely by the revenue earned by the assets. I can point to several instances of publicly owned utilities such as Energy Australia, Sydney Water and Energex in Queensland that have been criticised for badly underspending on infrastructure due to excessive dividend payments to governments. This has led to blackouts, leaking water pipes and unreliable service.

The mooted figure of \$25 million a year to meet Snowy Hydro's maintenance needs is a clear example of this attitude of underinvestment stemming from the days of least-cost of production as the old Snowy Mountains Authority. As a civil engineer of 17 years experience, I know this figure to be well short of the mark. The infrastructure is 40 to 50 years old—Guthega is more than 50 years old—and is in need of significant refurbishment. A private company is more likely to have appropriate amounts of capital expenditure to keep its investment in tip-top shape. I strongly believe that a privately owned company is in a better position to earn higher returns for its shareholders and to manage business risk than a government-owned company.

Now I would like to turn to the future. Snowy Hydro Limited must expand to maintain its market relevance. Snowy Hydro makes most of its revenue from the peak electricity market and its derivatives. This market is growing at 600 megawatts a year in New South Wales and Victoria, and our competitors are eyeing this off hungrily. In New South Wales alone, eight peak electricity generating plants have been announced of more than 3,100 megawatts combined capacity. That is nearly the size of the Snowy hydro scheme. And these are only the publicly announced projects.

It is inevitable that if Snowy Hydro does not expand it will lose market share and therefore revenue. This would mean less money spent on maintenance, less money spent on local contractors, less money spent on local facilities and fewer jobs. Snowy Hydro Limited might decline to the status of a museum. Snowy Hydro must expand. Its current shareholders have reiterated that they will not provide any more funding as they sensibly prefer to spend taxpayers' money on schools and hospitals. Reducing dividend payments would mean that New South Wales has a \$2 billion investment that is earning nothing. Snowy Hydro cannot take on much more debt without affecting its credit rating. Therefore, the only realistic solution is to float the company on the stock exchange.

This expansion should not be limited to New South Wales. The hydro scheme is also designed to provide power to Victoria, which is also a major shareholder. Snowy Hydro has always played a significant part in Victorian electricity and has recently expanded its capacity there. If I owned Snowy Hydro Limited, I would definitely invest interstate, into such things as peak generators in South Australia where the electricity market is more volatile and fetches higher prices. I would also seek to expand into retail and other generation possibilities to diversify the company. This would return benefits to the local region and the State at large. I would be confident that Snowy Hydro Limited could do this because of its terrific business and engineering expertise. Snowy Hydro could

be one of the largest 50 companies in Australia and a vertically integrated supplier of energy products in competition with the likes of AGL and Origin Energy. This national champion would be based right here in Cooma, attracting the best and the brightest, spending money and providing facilities and opportunities in the region.

I moved to Cooma 18 months ago with my wife and we have started a family here. We love the friendliness of the people, the great location and the great opportunities. I know which future vision of Cooma I prefer. I genuinely regret that this side of the story was not properly explained earlier. If it had, I think most people would have backed the proposed float because they could see the great benefits and that the supposed threats were simply not genuine. Of the staff, 72 employees recently signed a letter to the council in protest about its negative attitude towards the float. That is more people than are in this room. I feel that a grave mistake has been made in not privatising, and it represents a lost opportunity for Snowy Hydro Limited and the region. I call on the select committee not to compound this mistake, to recognise that Snowy Hydro Limited must expand, and such expansion be determined by business opportunity and not geography. Thank you for your time.

VICKI JOANNE WALLACE, having been sworn: I realise that Snowy Hydro Limited needs to grow, but I also believe that it has already shown its ability to be a very effective instrument. I do not think the competitors that have been discussed previously are in any way, shape or form as much of a threat as has been stated. I am very concerned about the issue of water. I sincerely believe that Snowy Hydro does not own the water but that it has its hand on the tap. I also appreciate that it does not have direct involvement in the amount of flows. That was organised via the agreements put in place previously. However, I find it very hard to believe that it was not consulted in some way about how the flows were to be organised.

This is all about truth, honesty and reality. We honestly have not been dealt with well over the past few years about flows to the Snowy River. We have often met brick walls not only with the Government but also with Snowy Hydro. It concerns me that that has been the situation under government ownership. How will it be with a privatised entity? The community's ability to have any impact on the company would be null and void.

Recently I wanted to know how much water was coming over a dam wall. There were much greater seepage flows than there should have been at Dalgety, so I rang Snowy Hydro at Cooma, but got no result. I was redirected to a gentleman in Sydney. At that time, flows to the river were going to be decreased. In January and February there was going to be about 90 megalitres coming down the river and that was going to be halved. That would mean that my community would have no water because our filtration system needs at least 76 megalitres. When I spoke with the gentlemen at Snowy Hydro regarding the outlet pipe, instead of telling me how much could come out of the pipe he said that it would be delivering the regimented amount and flushing flows. He told me that three times. He did not understand that if he could give me some information that would make my community feel much more secure. I am concerned that if the Snowy Hydro Limited is privatised that information will be even less available.

After realising that he would not discuss this issue with me, I asked about the amount of water that would be cut from Dalgety. He suggested that I should talk to the person to whom I pay my water rates. I told him that Snowy River Shire Council are not in charge of the water, Snowy Hydro Limited is. He then asked me if I knew whether Snowy River Shire Council was approaching Snowy Hydro. I asked how I would know. Instead of taking this information on board he decided to shove it off. I was forced to ask him whether he was going to take me seriously. I said that if he did not I would speak to a radio station or the newspapers.

Only then did he decide that perhaps he could talk to someone in Cooma, who then would talk to someone in the Snowy River shire. Snowy River Shire Council had been in contact with him for a number of months prior to that. It was virtually at the death knell of this water crisis in my community that he decided to co-operate, but only after I put him under the pressure of press scrutiny. I do not feel very comfortable about that and it worries me that that is what we have to do to get results. I do not want that for Snowy Hydro. I want to feel comfortable about getting information from Snowy Hydro.

All along this has been our experience with government and with Snowy Hydro. There always seems to be a cloak of secrecy. I understand that it has competitors but I do not really believe its position within the market is so significant that it cannot overcome those kinds of problems. I am worried about the plans that have already been put in place through this privatisation. They are not adequate. The water flows to Dalgety and the Mowamba are not at all adequate. I refer to the water as flat-lined, as John said earlier that our river has been flat-lined. They have taken the water into the dam and they are going to run it over the top via these many hydro turbines. Somebody explained the water coming back into the river, instead of flowing down the Mowamba, as a dead body. You can put a blood supply back into a dead body but it will not bring it back to life.

The plans that have been made by the Government and Snowy Hydro have meant that water has to go back into the dam to produce additional energy for Snowy Hydro, which is wrong. Those kinds of things need to be rethought. The plans that have been put in place that are still hard at work for my community and the river have to be revisited. Next year there is to be supposed to be a review. That should have been brought forward much earlier so that we know the truth about the kinds of plans that have been made that are not working. Thank you.

JAN LECKSTRÖM, having been sworn: I am the owner of the Alpine Tourist Park and chairman of the Eucumbene Chamber of Commerce. It has been extremely interesting listening to the variety of speakers. The evidence has been fascinating from both sides. I have been interested to hear reasoned and interesting arguments in support of privatisation because I had not heard many of those facts before. The businesses and communities that I represent in my role of as chamber chairman are located along the Lake Eucumbene area and in the north-eastern part of Kosciuszko National Park. We have members from Braemar Bay up to the Providence portal, for those who know Lake Eucumbene. It is the largest catchment and storage area in the system. When it is full it holds nine times the quantity of water that Sydney Harbour holds.

I wish to refer firstly to the region's economy. Since the completion of Lake Eucumbene in 1956 the focus of business life in Adaminaby and the settlements that subsequently developed at old Adaminaby, Anglers Reach and Providence, have changed. Adaminaby was moved six kilometres away from the lake because in those days they considered that was the best thing for the community. Subsequently, I believe that Jindabyne prospered a bit from the mistakes made at Adaminaby. The process that it underwent was different; nonetheless it was traumatic. In the region's economy the focus has changed from agriculture to tourism and to service industries. Adaminaby and surrounding areas simply have had to move with the times, just like Snowy Hydro has had to do. In highest order, these are: tourism, retail manufacturing, and agriculture. So tourism is bringing in the most dollars.

This region does not rely predominantly on any form of tourism or on any one aspect. The locals work hard, as most of their businesses are small, owner-operated and mostly in the tourism sector. That involves working very long hours. Our chamber has 23 business members. I have done a finger count since I was asked this question earlier today, and there are between 50 and 60 businesses around the whole lake. It takes about an hour and a half to get from Braemar Bay to Adaminaby, so we are talking about a lot of travelling for these people. The tourism sector includes many types of fishing. This region is fortunate and it has many strings to its economic bow. As those who our expert in this area would know, there are many different types of fishing.

Lake Eucumbene operates 12 months a year for fishing, whilst in the rivers and creeks there is a closed season. Also in our area are many wonderful and historic places of interest, natural wonders such as caves, thermal pools with a constant 27 degrees, waterholes and activity-based tourism such as horse trekking, bush walking and snow sports in winter. The Snowy scheme and the Kosciuszko National Park in their own right also attract a huge number of tourists to our area. We have to look at the economic history of the area so that you understand where I am coming from. Whatever the future holds it cannot be forgotten that certain facts influence my region's economic development.

From the late 1940s to the mid-1970s the Snowy scheme moved the town of Adaminaby, substantially changing the whole focus of Adaminaby. As in Jindabyne most of the best grazing and farming lands were inundated. People who owned land above the high water mark were forced to move or leave at some point, possibly in the early 1960s. I would love to know more about this but it is not relevant to this inquiry. However, if anybody has any information I would like to know. In the

early 1960s the lands department created a subdivision in old Adaminaby. Anyone living within 30 miles, and that included the new town, the previous owners of that area, was not permitted to buy any land. The social trauma caused by that decision alone still reverberates.

In the mid-1940s Kosciuszko National Park was gazetted. Grazing rights in the higher country were progressively cut back and stopped in the 1970s and 1980s. In the 1990s a new committee instigated by the New South Wales Government imposed many developmental decisions that, in the opinion of businesses and many locals, are unfairly and adversely affecting the economy and growth of the area I represent. Even now issues relating to the local environmental plan are not resolved, in spite of many years of negotiation between the Snowy River Shire Council and the New South Wales Government. This means that these restrictions and limitations, all imposed from outside for the last 60 years, have drastically affected the livelihoods of real people.

Over the last 60 years people from Eucumbene had to work hard within the restrictions that had been imposed from outside. They built themselves a way of life and they helped to boost the economy. I argue that these restrictions are more far reaching than those imposed on urban businesses. This region contributes substantially to the economy of New South Wales. If tourism and its resultant service industries in the Snowy Mountains are adversely affected, the whole New South Wales economy will also be affected. I refer to Lake Eucumbene and to the region's economy. One of the things that affects us hugely is the water level in Lake Eucumbene. As a business we get faxes from Snowy Hydro fairly regularly on a weekly basis, though we have only been getting them every fortnight for a while.

This region's economy depends to a great extent on fishing. Overall, that contributes in excess of \$800 million to the State's economy. The basis of good management is proper budgeting and planning, therefore, it is necessary for local businesses to be able to do this. Lake Eucumbene is the largest inland alpine lake in eastern Australia, and most businesses depend on it, yet ever since the Snowy scheme has been operating, business information has not been available from Snowy Hydro about projected water levels, water use and the reasons for it, making the management of our local businesses very problematic. So we have a huge conflict of commercial in-confidence.

Our businesses have the right to survive and function. It sometimes appears to local business people that this could be a callous disregard by Snowy Hydro which operates almost in a monopoly like situation. I am not making any inferences at this stage and I am not coming to any conclusions. These are the facts. A couple of people have been astounded but I believe these are the facts. I have faxes on the wall in my office. Since Snowy Hydro was withdrawn from the market, the water level percentage in Lake Eucumbene has dropped substantially. I am not into conspiracy theories but this is now causing real local economic hardship.

On 3 July the official level of the lake was 30.5 per cent. On 1 June, the day before the sale was overturned, it was 35.5 per cent. That is a big drop in seven weeks. That is huge in relation to the capacity of that lake. You can see the level dropping. We are looking at the foundations of old Adaminaby; things that we have not seen before. Nothing is known about the reasons for this current movement of the water. Access to the lake in these present conditions is extremely difficult. When it gets to this stage, issues of public safety are raised. The Lake Eucumbene Chamber of Commerce would appreciate an immediate answer from the New South Wales Government, or Snowy Hydro, whichever is applicable.

This raises the issue of business liaison. The chamber believes that Lake Eucumbene is not just a business tool for the exclusive use of Snowy Hydro; it has always been publicly owned. Consequently, the public and local businesses are owed information and an explanation about planned water movement, projected water levels and water use—information that is theirs by right. We are not asking for commercial in-confidence stuff to blow their business apart to their competitors, but liaison has been missing ever since Snowy Hydro began.

Since the commencement of the Snowy Mountains scheme the relationship between Snowy Hydro and Adaminaby has not been very positive. Now that the decision has been made that Snowy Hydro will remain in public hands, this is the time to review and improve it. There are many ways that it would benefit from an improvement in this relationship, for example, the businesses and the economy of the region. This is the time for new processes to be put in place to achieve it. We suggest

that a senior executive be appointed—it is a little more direct and accountable than a section on a web site—so that we can build bridges and courtesy is restored on both sides. This can only be for the betterment of Snowy Hydro and the region as a whole.

Public access to lands surrounding the lake and waters of Lake Eucumbene we believe will be unchanged from what we have. With regard to boat access at times of low water level, that in itself creates a public safety issue. The New South Wales Government should ensure through the provision of an adequate boat ramp that it is possible at all times. At the moment police rescue craft cannot be launched. There are public safety issues about weather reports, which I referred to in my submission. At the moment the weather station does not go through the Bureau of Meteorology but we believe Snowy Hydro has one. We would like to liaise with Snowy Hydro, the Snowy River shire mayor, and the owner of the local radio station to get weather reports.

The chamber was invited to put a submission into an inquest regarding the drowning deaths of three fishermen. We need information about weather. At the moment there is nothing about this vast lake and there has not been for 60 years. This issue must be looked at. Thank you very much. We look forward to a positive future and we look forward to building bridges. Irrigation use and water use issues have to be resolved so that Australians all over the place have the right to irrigation and to water use for hydroelectricity and, in the future, potable drinking water.

CHAIR: I am asking Snowy Hydro to give me an answer to the question of the incredible shrinking Eucumbene Dam. They will give me an answer on that.

BRUCE HOVEY, having been sworn: I am retired. The financial viability of the future publicly owned Snowy Hydro is a matter of some concern. We have heard today about the complexity of the water situation. The financial situation and the raising of capital will also be a complex matter. The operation of the hydro as a peak load operation and working in the derivatives market is again a complex matter. We have heard of the need for public relations skills, and we also have need of many general management skills and project management skills.

To bring all those skills together in one place is quite an undertaking. There is going to be a need for a board which brings all of those skills together in one place so that the board can operate as a unity across this complex situation. When the privatisation was first mooted, there was a sudden flurry in the background and several of the existing board members disappeared. Some new board members were elected. I personally know nothing about either of those groups and I would like to know who they are and what skills they brought to the situation. I do not even know the size of the complete board. Perhaps the future will indicate a need for a fairly large board and with quite complex skills at their disposal.

I would like to think that this hearing today will take back to Canberra and to Sydney and to Melbourne the need to search and to find all those skills that are needed to make this Snowy Hydro a viable future operation. Thank you.

KEITH WILLIAM MONTAGUE, having been sworn: I was formerly a senior executive engineer, electrical and mechanical, at SMHEA. I worked for 36 years for the authority. I promise to be quite brief. Firstly I would like to say that I am dismayed by some of the comments made by Ms Howes, Ms Massari and Mr Clarke. Those three would be very welcome to come to my home and discuss their views. Maybe we would all learn something. At 82 years of age, I am still forward looking, not backward looking, and I heard some things today which really do dismay me.

I would like to speak first on what I would say is the lighter side. It is this: What a wonderful country we live in here in Australia. When grassroots public opinion caused three governments to change their mind, not a shot was fired. There were some bruised egos, but not a life was lost. I think that everybody here can say that we can all be proud to be Australians.

This is the second and perhaps more serious point I would like to make. In considering the evidence gathered, I would like to ask that this select Committee reflect upon the situation where both major parties in all three governments so misjudged the wishes of the people of Australia as to proceed with the decision to sell Snowy Hydro Limited without due consideration being given to the outcome of their actions. This was arrogance. Hopefully the deliberations of this Committee will assist

to correct the situation and the failure by parliaments and by Snowy Hydro to keep the public informed. That is all I have to say, thank you.

RICHARD HOPKINS, having been affirmed: I am a Cooma resident of 15 years standing and an engineer. Mr Chairman and members of the inquiry, the Snowy Mountains Scheme properly belongs to all Australians, not primarily to New South Welsh men and women. Snowy Hydro is entrusted through the governments by the nation to care for the Snowy Mountains Scheme. This trust and this care are higher considerations than are growth of the company and their profit.

They and their predecessor authority have served the nation well. The New South Wales Government has risen from stumbling in its custody of the company. In some things, we Australians follow convention beyond the letter of the law. As the eminents wrote, the Snowy Mountains Scheme is part of the glue that binds Australians. Let us New South Welsh men and women not treat it just as a monetary asset. Thank you.

CHAIR: Is there any other person who would like to come and make a statement?

IAN COOKE, having been sworn: I am a current employee of Snowy Hydro. I am on the executive there. I came along here today, not planning to say anything. What I am going to say I would have rather said to Coral and Max personally rather than in this environment, but it has been raised by Coral and I felt there was an implication of pressure or duress in the statement. It concerns the social club.

I am a member of the social club committee. I am not an officer in the social club, but I am a member. As Coral said, Max and Coral have been given life membership, which I think is unique—I know of no-one else who has got that—for many years of social contribution to Snowy Hydro. The social club is in no way a political body. It is in no way influenced by management's decisions.

Max has taken a stance—an anti-privatisation stance—which is of course his right as a citizen in a democratic community. The decision to cut Max and Coral off from social club events was not due to his stance on privatisation. The bonfire that we had immediately before privatisation occurred is proof of that point.

It revolved around Max's decision to call for resignation of Terry Charlton. I know of no current employee who wants Terry Charlton to resign. What we felt was that Max had asked us to choose our loyalty between him and Terry Charlton, and we chose Terry Charlton, and that is all.

CHAIR: Could I just interrupt at this point?

Mr COOKE: Of course.

CHAIR: I think you may have a valid point. I do not think we should be going into those details between what he wanted and she wanted and they wanted. It is not within the terms of reference of what we are doing here. There may have been a legitimate concern or reason, and I do not think that is our business.

The Hon. PATRICIA FORSYTHE: Mr Chairman, I choose to disagree. A person made, as part of their statement, particular reference to their treatment. I think that, just as we are asking for responses to other things raised, it is perfectly legitimate that we get it placed on the record.

CHAIR: Will you be referring to a number of persons who are not here? That is one of my concerns. They are not here to comment or refute your statements.

Mr TALBOT: I am here and I am prepared to come up and reply to that statement.

CHAIR: Thank you.

Mr COOKE: Could I just say one thing? I agree with the point you are making. I thank you, Patricia. I only made that, as I said at the start, because it had been brought up. And, as I said at the start, I would have preferred it to be a private conversation with Max and Coral.

CHAIR: Do you wish to say anything further?

Mr COOKE: No. That was all I wanted to say.

CHAIR: Mr Talbot, do you wish to say something?

Mr TALBOT: I have already taken the oath. I am, I suppose, disappointed that it might have come to this. I certainly did what I did, in my own belief, in good faith. I vehemently believe that Snowy Hydro should not be privatised for all sorts of reasons which I put in my submission. That the social club felt that I was persona non grata I think is somewhat on their head, which just indicates the sort of people that they might be.

The Hon. TONY CATANZARITI: That is going too far, Mr Chairman.

Mr TALBOT: I wrote a letter to the press because of what Terry Charlton had said. He said, because privatisation had been stopped, that we, a handful of people who were dinosaurs, had put the future of the scheme at risk, and that it was a dead duck. Okay?

CHAIR: I think we should stop there, Max.

Mr TALBOT: I would just like to put this final thing into context. I said that if he believed that, then it could become a self-fulfilling prophecy and he should move on. Now, that is up to him to make that judgment and others. I was just flagging the issue.

CHAIR: Thank you.

ELIZABETH MARION LAUGHT, having been sworn: We have the disparate views of Kenneth Davidson, who has written in *The Age* and who has followed this matter in recent months. On the other hand we have the article by Janet Albrechtsen titled "Torrent of opinion", which was referred to earlier this afternoon. We have also heard personal anecdotes. I really despair for this community because I think there has been, and perhaps will be, personal and community cost. Therefore, although my inclination has been against privatisation for so many different reasons, I wonder if the Committee could consider a model that might bring compromise to the community with employment and with the industry itself. What has happened perhaps has been the outcome of national grid proposals and a structure or system that was initiated some years ago by the Hawke Government. However, I wonder whether consideration could be given to legal, financial, economic and technical matters, for example, the ACTEW AGL model might be relevant or useful.

I have a vicarious interest in these matters because my husband works for the Snowy Mountains Engineering Corporation. ACTEW AGL in Canberra remains in the hands of the Government, but the earnings are handled separately. I wonder if perhaps that model should be considered. It might be useful if privatisation needs to be considered. Thank you.

CHAIR: There are a number of models, of course, and we will be looking at all of them. Ladies and gentlemen, I thank you for your presence and interest today. I will try to bring together a few thoughts that I have gathered through the day. First, I acknowledge the point that Mr Hopkins make about the Snowy River being the glue that helps to bind us as Australian citizens with pride in the achievements of those who built the scheme and those who have worked there ever since. There is a great depth of truth about that. I recently had that brought home to me in an unusual way. I was on a speaking tour of cities in the Northern Tablelands at town hall rallies involving 300 and 400 people. I was examining five or six important issues that the New South Wales Parliament is considering at the moment. I spoke at Tamworth, Armidale, Gunnedah, Glen Innes, Moree and Narrabri. At every place more questions were asked and more personal angst was expressed about what was going to happen to the Snowy Hydro than any other issue. They are all communities in the Northern Tablelands and I did not expect that interest there. Those people were saying that the Snowy belongs to us.

I recognise that at the epicentre of a conflict like this one sometimes the damage is very severe. We hope that the truth that can divide people can also be the truth that can unite people. A community like this with such a remarkable history should not be divided over a long period. We must

seek to understand differing points of view. We all agree on a great deal: We agree on the history of this remarkable community; we agree on its iconic nature; we agree on the heroism of those who came from the northern hemisphere and with bare hands and picks dug through incredibly hard rock and tunnelled and built dams; and we acknowledge what a difference that made to our post-Second World War self-esteem and also in building multiculturalism. Probably nothing has united so much as the fact that we have all been won over to the Soccerroos. That is another legacy of the funny football that people played in those days.

The select committee has done a great deal-some things that people do not know about-going through the background documentation, financials and other issues, and it has a great deal more to do. It is also dealing with very differing views. Let me assure everyone that the members will thoroughly trawl, even though it takes time, through all of the facts, because that is the nature of a select committee. We will do this thoroughly and then we will write and present to Parliament a large report with a number of recommendations and models. Any Government would ignore those recommendations at its peril. Truth is like a diamond: It often has many facets depending on where one is standing. There is legal fact that is truth, there is historical truth and political reality, there is financial truth and there is cultural truth. At times, as we have seen today, some of those truths come into conflict. We must try to look at the big picture and all of its facets and understand what is best for everyone. I thank you for your openness, courtesy and willingness to share some deeply felt emotions, thoughts and opinions throughout this day.

The Committee adjourned at 5.37 p.m.