



**Treasurer  
Minister for Industrial Relations**



Mr David Blunt  
Clerk of the Parliaments and  
Clerk of the Legislative Council  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Mr Blunt,

In accordance with Legislative Council Standing Order No. 233, I present the Government's response to the report of the Select Committee on the Leasing of Electricity Infrastructure.

Yours faithfully,

**Gladys Berejiklian MP  
Treasurer  
Minister for Industrial Relations**

*Received at 4.45 pm  
Tuesday 1 December 2015*



# NSW Government Response to the Legislative Council Inquiry into the Leasing of Electricity Infrastructure

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DECEMBER 2015



## NSW Government Response

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The NSW Government welcomes the report of the Legislative Council Select Committee on the Leasing of Electricity Infrastructure. The Government's response to the Committee's five recommendations is outlined below.

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### Recommendation 1:

**That the NSW Government commission an independent review of the Deloitte Access Economics report entitled *Economic Impact of State Infrastructure Strategy – Rebuilding NSW* by a suitably qualified modelling expert before any legislation is enacted, with the results to be published when complete.**

#### Government Response:

This recommendation has been included in the enabling legislation, the *Electricity Networks (Authorised Transactions) Act 2015*. Section 9 of the Act requires the Treasurer to commission and publish an independent review of the Deloitte work 'as soon as reasonably practicable'.

ACIL Allen was commissioned to review the Deloitte report in July 2015 and will report back to Government. The final report will be made public.

### Recommendation 2:

**That the NSW Government commission an independent review, including consultation with stakeholders, of the powers of the Electricity Price Commissioner within 12 months of the leasing of electricity infrastructure.**

#### Government Response:

This recommendation has been included in the legislation. The *Electricity Networks (Authorised Transactions) Act 2015* (Section 10) requires the Treasurer to commission and publish an independent review of the powers of the Price Commissioner, and of whether network charges have increased, within 12 months of completion of the last authorised transaction under this Act. A review will be conducted at this time.

### Recommendation 3:

**That the NSW Government develop strategies that will ensure that sufficient numbers of apprenticeships are offered by the new operators of the electricity network businesses, to meet the needs of the electro-technology industries of New South Wales.**

#### Government Response:

The number of employees and apprenticeships will be affected by the regulatory determination of the AER.

The enabling legislation, the *Electricity Networks (Authorised Transactions) Act 2015*, provides for a guaranteed apprenticeship intake which the network operators must meet when the number of full time equivalent employees is less than or equal to 110% of the legislated staffing levels. Apprentices, who complete their training and are a continuing employee during the employment guarantee period will be offered employment, provided they meet reasonable business hiring standards.

**Recommendation 4:**

**That the NSW Government ensure the employment protection guarantees sought by Unions NSW and the Electrical Trades Union as outlined at paragraph 6.22 are included in any enabling legislation, including:**

- **at least five years continued employment with the new employer**
- **transfer of all accrued employee entitlements, including annual, long service and sick leave**
- **recognition of prior service**
- **job location guarantees**
- **sufficient number of apprenticeship opportunities**
- **a payment on transfer from the public sector**
- **only consensual transfers to a new private sector employer.**

**Government Response:**

The enabling legislation, the *Electricity Networks (Authorised Transactions) Act 2015*, provides a range of employee protections including a legislated five-year employment guarantee and a commitment that employees will transfer on the same terms and conditions that apply immediately before the transfer of employment. These are detailed in Schedule 4 of the *Electricity Networks (Authorised Transactions) Act 2015*.

**Recommendation 5:**

**That in view of the economic benefits arising from the significant investment in infrastructure, the NSW Government implement its proposal to lease 100 per cent of TransGrid and 50.4 per cent of each of Ausgrid and Endeavour Energy.**

**Government Response:**

The State is currently implementing the lease transaction of 100 per cent of TransGrid. The lease transactions of Ausgrid and Endeavour will follow in sequence. The shares of Ausgrid and Endeavour to be leased will be compliant with the enabling legislation.