

Rising Tide Newcastle's Position Paper on the Proposed Privatisation of the NSW Electricity Supply.

Recommendations:

- The NSW electricity generation system must be retained in public ownership and control.
- The broader community should support the campaign to maintain public ownership.
- The Government must declare a moratorium on any new coal-fired power stations or expansion of existing facilities.
- Everyone should support the planned anti-privatisation rally in Sydney on February 26.
- Public funds should no longer be used to subsidise the massive profits of coal companies via diesel subsidies and “clean coal” research.
- Immediate and large public investment must be made into alternative power generating technologies.
- Immediate and large public investment must be made to maximise efficiency of the electricity grid, and minimise power losses.
- The NSW Government should begin a concerted campaign against overconsumption of electricity, in all sectors of the economy.
- NSW must immediately begin investing in and planning for a Just Transition away from coal power and mining dependence, and towards an ecologically sustainable and economically and socially equitable future for NSW.

Background

NSW electricity industry is structured such that public corporations generate power, which they sell to electricity retailers, often private companies. Ten years ago, an attempt to sell the electricity industry resulted in the corporatisation and segregation of the Government bodies producing, transmitting and selling electricity. The privatisation plan was stymied however, largely owing to a backbench and union revolt.

Almost twelve months ago, leading up to the last State elections, Premier Morris lemma made a promise that there would be no privatisation of the State's electricity assets. Last month the government reneged on this promise. The lemma government's plan to auction the State's power generating system to the highest bidder has been put to the people of NSW as a *fait a compli*. No negotiation has been allowed and community consultation is restricted to a suspiciously short submission period which did not allow electronic submissions to be received.

The effects of privatisation

Apart from the social disruption caused through loss of jobs, lower safety standards, the threat to the environment through the use of short cut methods of production will surely result in higher, not lower green house gas emissions. An example of what could happen exists in the catastrophic explosion in 1998 of the Longford gas plant in Gippsland, Victoria which is owned and operated by Esso. This horrific explosion was found to be the result of slipshod operating procedures which were taken for cost related reasons and ended in the deaths of two workers. It also created an environmental disaster which took months to rectify.

A report written in 2004 to assess the privatisation of South Australia's electricity system found that ...

"The privatisation of South Australia's electricity industry has proven to be a monumental failure, creating unnecessary hardship for thousands of South Australians while failing to address the environmental challenges we face,' says Mr John Spoehr, Executive Director of the University's Centre for Labour Research."

The report also found that the South Australian government would forego \$3 billion in revenue because of the privatisation. In NSW this amount would be closer to \$15 billion; money that would be better spent on developing alternative power generating technologies.

Professor Sharon Beder, research fellow at the University of Wollongong and author of *Power Play* identified a number of arguments against privatisation, including cost, reliability and environmental considerations. Her submission argued that, "competition and efficiency are not ends in themselves; they are means to an end ..." The contribution of coal fired power stations to greenhouse gas emissions is further reason why they should not be placed in private hands. Governments are better placed to "research and develop power stations that utilise emerging technologies that have the potential to reduce greenhouse gas emissions, such as hot rock technology." she said.

NSW Greens MP John Kaye revealed on February 5 2008 that the decision by the US government to abandon the FutureGen carbon capture and storage project undermines yet another argument for privatisation of the NSW electricity industry. Dr Kaye said: "A major component of NSW Treasurer Costa's \$15 billion privatisation was a massive private sector investment in carbon reduction technologies, which is increasingly looking like the impossible dream."

In South Africa a partially privatised electricity industry has invested US\$20 billion in cheap, highly polluting coal-fired power stations. South Africa's carbon emission output per capita is twenty times that of the US. The power generation companies look upon the South African official carbon trading policy as a commercial opportunity and show little regard for environmental ethics.

Added to this scenario is the fact that the present system of carbon trading is in a state of collapse. In Europe in 2006 the price of carbon in the emissions market fell by half due to the bungled management of the Emissions Trading Scheme. Recently, *Newsweek* magazine referred to the emissions trading mechanism as a "shell game" and that it had transferred some US\$3 billion to the worst carbon polluters in the developed world. These are the types of corporations that the lemma government is intending to hand over the NSW power generation system to.

The need for public control of energy infrastructure

Climate change will require massive and dramatic changes by our community and by big business in particular. In order that these changes can be made we need Government intervention and oversight of a market that currently unnaturally favours ecologically expensive power sources.

Government ownership and control of this public utility should ensure that decisions made about the running of that facility are made in the public interest, not in the interests of the company, its directors or shareholders. Though the quasi-privatisation of Macquarie Generation et. al. limits the degree of scrutiny and accountability of this public company, it is still a far more transparent and disinterested organisation than it would have been had privatisation gone ahead.

Rising Tide Newcastle's position:

The privatisation of the NSW electricity industry will not help NSW meet our obligations to dramatically reduce greenhouse gas emissions. It will make it far more difficult for the Government and the community to effect such reductions by placing one of our chief contributions to greenhouse pollution – power generation – beyond the control and scrutiny of Governments and the people who elect them.

Rising Tide calls for:

- The retention of the NSW electricity generation system in public hands.
- Community support for the campaign to maintain public ownership.
- A moratorium on any new coal-fired power stations or expansion of existing facilities.
- The attendance of as many concerned people as possible at the planned anti-privatisation rally in Sydney on February 26.
- An end to public funds being used to subsidise the massive profits of coal companies via diesel subsidies and “clean” coal research.
- Immediate public investment in alternative power generating technologies, such as wind turbines, tidal power generation and hot rock technology.
- Immediate public investment to maximise the efficiency and minimise power losses in the electricity grid.
- A concerted government-sponsored campaign to stop rising electricity demand, and then reduce electricity demand from all sectors of the economy.
- Immediate steps to be taken to invest in and plan for a Just Transition away from coal power and mining dependence, and towards an ecologically sustainable and economically and socially equitable future for NSW.
- A halt to any further attempts at the privatisation of other State owned utility or organisation.
- Immediate consultation with supportive unions and community groups on the issue.