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## **Power deal taking us in the wrong direction**

*The state's power sell-off is a bad response to climate change writes **Greg Piper**.*

THE people of NSW have just been told by the State Labor Government that the cost of a basic necessity should be increased so that private companies can profit from it. Under the lemma Government's plans, the cost of electricity would include shareholder profit for the new owners or lessees of the state's power assets.

This staggering change in direction comes just months after an election was won by a party that had a policy of not privatising the power industry. The decision was made less than a week after the Commonwealth Government committed Australia to adopting the Kyoto Protocol and while the nation's leaders are negotiating the next stage of our response to climate change. This decision is consistent with State Labor's election promises and incompatible with Labor policy on climate change.

IN June 2005, NSW became the first state to commit to long-term reduction targets of a 60 per cent cut in greenhouse emissions by 2050. As an interim goal, there is to be a return to 2000 greenhouse emission levels by 2025. With a lack of action by the Howard government this was the state's own commitment to the Kyoto Protocol.

The justification that the lemma Government sees in privatising the power industry is the recent Owen Report's recommendation that a new base-load power station is necessary and that a leasing of the power generators would bring private investment, although both of these have been questioned. Under the Government's plans, consumers across the state will pay more for power and much of the money would disappear into Sydney roads. Even worse, it would perpetuate the state's reliance on coal.

The sale or long-term lease of power generating assets would leave the taxpayer with the cost of maintaining the distribution networks, but without the receipts from the sale of electricity to help cover the cost.

The proposed privatisation is a bad idea. It's bad for consumers, bad for workers and a bad response to climate change. Concern about the state of our infrastructure and the need for a new base-load power station raises the question of what successive governments have been doing to fund depreciating assets and plan for future needs. These assets have been returning an annual dividend to the state and some of this money should have been set aside for just these needs.

If the Government has allowed our energy infrastructure to reach the parlous state claimed, then I can only wonder how wisely funds from this sell-off would be used. The track record is not encouraging and we deserve better.

The Government is right to be concerned about the cost of a new power station, but it should be looking for alternatives. After all, this is what the Kyoto commitment is all about.

According to the Public Interest Advocacy Centre, we don't need a new power station. This was the finding of a report it commissioned from the University of Technology, Sydney. The report released this month, considered privatisation and the demand for a new base-load power station. It concluded that there are financial benefits with state ownership and that there will be no need for a new base-load power station by 2014.

The study also found that current energy efficiency measures have been overlooked and potential improvements ignored. It found that the Owen Report's electricity supply projections have already been overtaken by events such as the announcement of the proposed Silverton wind farm and the Commonwealth Government's promise to increase the mandatory renewable energy target to 20 per cent by 2020.

The Owen Report ignores the prospect of making significant change independently via methods such as domestic photovoltaics. Only 18 pages of the 187-page report consider ways of reducing greenhouse gases. Within this, the emphasis is on carbon pricing and no mention is made of alternate technologies.

The obvious likelihood of price increases has led to the proposal of a short-term price freeze as an inducement to accept the sell-off. The short-term job security also on offer would be especially bad for Lake Macquarie, where many jobs would ultimately be affected. Further, if the power stations at Vales Point and Eraring were privately run, environmental safeguards for Lake Macquarie could be seen as an extra, not as a core responsibility of the operator.

What we need is for the Government to support clean energy options to reduce reliance on coal and deliver a mix of alternative power sources.

**Greg Piper is State member for Lake Macquarie and Mayor of Lake Macquarie.**