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**TITLE            MINUTES OF THE CENTRAL COAST REGIONAL ORGANISATION OF COUNCILS COMMITTEE MEETING 19 MARCH 2008 (IR 4406288)**

Directorate:     General Manager  
Business Unit:  General Manager

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**MEETING NUMBER**

Meeting No RO/08/01 commenced at 9.00am at Wyong Shire Council.

**ATTENDANCE**

**Present:**        Warren Welham, Mayor, Wyong Shire Council  
                 Doug Eaton, Councillor, Wyong Shire Council (Chairperson)  
                 Laurie Maher, Councillor, Gosford City Council  
                 Robyn Stewart, Councillor, Wyong Shire Council  
                 Chris Holstein, Councillor Gosford City Council  
                 Peter Wilson, General Manager, Gosford City Council  
                 Kerry Yates, General Manager, Wyong Shire Council

**Apologies:**     Jim Macfadyen, Mayor, Gosford City Council

**COMMITTEE CHANGES**

Nil

**DECLARATION OF PECUNIARY INTEREST**

The Chairperson invited Committee members to declare any pecuniary interest they might have, in accordance with Section 451 of the Local Government Amendment Act 2000, in respect to the agenda for this meeting.

No declarations were received.

**DECLARATION OF NON-PECUNIARY INTEREST**

The Chairperson invited Committee members to declare any non-pecuniary interest they might have, in accordance with Section 440 of the Local Government Act 1993 and Council's Code of Conduct, in respect to the business of this meeting.

No declarations were received.

**CONFIRMATION OF PREVIOUS MINUTES**

CCROC resolved (Wilson/Yates) that the minutes from the meeting RO/07/04 on 5 December 2007 be confirmed.

## **AGENDA ITEMS**

### **RO.019 CCROC SPONSORSHIP PRESENTATION**

Sponsorship cheque in the amount of \$1000 was presented to Christopher Higgins to compete in the 2008 Beijing Olympics Marching Band and International Youth Music Festival, July and August 2008.

Sponsorship cheque in the amount of \$1000 was presented to Gregory Bennett to compete in the 2008 Beijing Olympics Marching Band and International Youth Music Festival, July and August 2008.

Sponsorship cheque in the amount of \$1,250 was presented to Central Coast Football represented by Murray Neittham to compete in the State Titles to be held in Nowra, Griffith and Bathurst, 7-11 July 2008.

Sponsorship cheque in the amount of \$500 was presented to David Secomb on behalf of Zac Hampson to compete in the 2008 Special Olympics Junior National Games to be held in Canberra, April 2008.

### **RO.017 RTA SESSION**

Mr Glen Weymer, Central Coast RTA offices was in attendance for the special RTA session, which was held to discuss road and transport issues on the Central Coast. Attached are the notes tabled by Mr Weymer at the meeting.

THE COMMITTEE RESOLVES (Wilson/Maher) that the information be noted.

### **RO.013 PREMATURE ELECTRIFICATION OF NEW ESTATES**

THE COMMITTEE RESOLVES (Eaton/Welham) that this matter be referred to the Minister for Climate Change in both State and Federal Governments for their comments on this stance by Mr David Harris Member for Wyong and The Hon Ian McDonald, Minister for Energy.

### **RO.031 2007 COASTAL SAFETY REPORT**

THE COMMITTEE RESOLVES (Welham/Maher) that the information be noted.

### **RO.029 IPART ENERGY AUSTRALIA PUBLIC LIGHTING PRICING**

THE COMMITTEE RESOLVES (Yates/Holstein) that the information be noted.

### **RO.002 FORMALISE CCROC COMMITTEE**

THE COMMITTEE RESOLVES (Yates/Holstein) that the information be noted.

**RO.032 LOCAL GOVERNMENT ROAD SAFETY NEWSLETTER**

THE COMMITTEE RESOLVES (Stewart/Welham) that:

- A The information be noted.
- B Be referred to the Traffic Committee of both Gosford and Wyong Councils.

**RO.033 REQUEST FROM CITIZENS ELECTORAL COUNCIL OF AUSTRALIA**

THE COMMITTEE RESOLVES (Eaton/Holstein) that:

- A It be noted that a presentation was provided to Gosford City Council.
- B Advise that CCROC does not see itself as an appropriate body for a presentation on this matter.

**RO.012 FUSION ARTS CENTRAL COAST**

THE COMMITTEE RESOLVES (Holstein/Stewart) that a presentation be provided to CCROC. The presentation to include more information on the proposal sustainables and how Fusion are becoming self sufficient and sustainable.

**RO.033 PRIVATISATION OF THE NSW ELECTRICITY UTILITIES**

THE COMMITTEE RESOLVES (Welham/Eaton) that:

- A It be noted Wyong Shire Council has already considered this matter. Wyong's resolution on this matter was tabled and is attached together with the responses received.
- B CCROC support both Councils objections to the privatisation of the NSW electricity industry.

**RO.018 2008 MASTER BUILDERS EXCELLENCE IN BUILDING AWARDS**

THE COMMITTEE RESOLVES (Holstein/Stewart) that the information be noted.

**RO.019 CCROC SPONSORSHIP PROGRAM**

THE COMMITTEE RESOLVES (Eaton/Welham) that:

- A No funding be provided to the Kincumber Roos.
- B Review sponsorship of the Terrigal Surf Life Saving Club.

- Attachments:**
- A Information provided by the RTA
  - B Wyong Shire Council resolution of privatisation of the electricity industry

## **NEXT MEETING**

**Date:** Wednesday, 18<sup>th</sup> June 2008

**Time:** 9.00am

**Venue:** Gosford City Council

## **CLOSE OF BUSINESS**

The meeting closed at 10.50am.

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## **RECOMMENDATION**

The Minutes of the RO/08/01 be received and noted.

## CCROC AT GOSFORD CITY COUNCIL – 19 MARCH 2008 CENTRAL COAST ROADS – RTA UPDATE

### Wyang

- **Pacific Highway, Tuggerah Straight – Stage 1** - Anzac Rd to Mildon Rd – Nace Civil Engineering – 2 Northbound lanes opened and Anzac Rd signals fully operational on 29 Feb 2008. Southbound work continuing on wire rope, cycleway Mardi Ck bridge railings. Some minor channel works requiring short term damming. Landscaping almost complete.  
**Stage 2** – Mildon Rd to Johnson Rd – Contract awarded on 29 Feb 08 to Nace Civil for Stage 2. Utility relocation work continuing, culvert work nearing completion.
- **Pacific Highway Ourimbah**  
**Stage 2 from Glen Rd to Burns Rd** – Contract to be awarded soon and roadworks start mid 2008. Utility works and advance earthworks continuing.
- **Pacific Highway Wyong Township** – Alternative alignment options proposed by Council, the Business Chamber and the community – layout designs completed, business impacts, heritage investigations and traffic reassignments completed. Publication materials being developed.
- **Sparks Road, F3 to Pacific Highway** – early concept layout design for ultimate four/six lanes developed in association with Wyang Council staff. No funding for delivery at this stage.
- **Central Coast Highway, Long Jetty / The Entrance** – remaining traffic improvements to be delivered between Gordon St and Coral St. Consistent with the display in mid 2005.

### Gosford

- **Central Coast Highway (The Entrance Rd) – Ocean View Drive to Tumbi Rd.**  
**Stage 1 Pitt Rd to Tumbi Rd** – four lanes opened to traffic Dec 2007. Landscaping, fencing on top of retaining wall under way. Restoration of compound area to be to GCC satisfaction. Minor property adjustments remaining.  
**Stage 2 Ocean View Dr to Pitt Rd** – Seymour Whyte P/L started in March 2007. Works are currently about 6 weeks ahead of schedule. Majority of property adjustments complete. Works scheduled for completion late 2008.
- **Central Coast Highway (The Entrance Road) – Carlton Rd to Ocean View Drive.** Early concept on display. Extensive community consultation in progress.  
**Stage 1 Carlton Road to Matcham Road** - Connell Wagner engaged to design, environmental assessment and contract documentation. Value Management Study held.  
**Stage 2 Matcham Road to Ocean View Drive** – Parsons Brinkerhoff engaged to design, environmental assessment and contract documentation.
- **Central Coast Highway – Dane Dr/Masons Pd upgrade** – designed out the need to relocate some utilities. Scheduled to start 2<sup>nd</sup> qtr of 2008. Hunter Road Services to build.
- **Avoca Drive – The Entrance Rd to Sun Valley Rd.** Project completed, landscape maintenance ongoing.
- **Avoca Drive – Sun Valley to Bayside** – preferred option and Review of Environmental Factors displayed. Ongoing discussion with affected property owners.
- **Central Coast Highway, Brisbane Water Drive, Manns Rd** – display of options. Value Management Study on 25 & 26 March 2008.

**Minutes of the Ordinary Meeting of Council held on 12 December 2007 (contd)**

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**LEAVE TO INTRODUCE A MOTION OF URGENCY**

COUNCILLOR FORSTER SOUGHT TO INTRODUCE A MOTION OF URGENCY CONCERNING A PROPOSAL TO PRIVATISE THE STATE POWER INDUSTRY.

**RESOLVED unanimously on the motion of Councillor FORSTER and seconded by Councillor GRAHAM:**

***That Council consider a MOTION OF URGENCY regarding the privatisation of the power industry.***

THE MAYOR RULED THAT THE MATTER WAS OF GREAT URGENCY.

**533A Motion of Urgency – Proposal to Privatisise the State Power Industry**

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F2004/08138

**RESOLVED on the motion of Councillor FORSTER and seconded by Councillor GRAHAM:**

- 1 That Council support its community and in particular the significant number of people employed in the power industry by expressing its opposition to the State Government proposal to privatise and lease the NSW power industry.**
- 2 That the Mayor express Council's opposition through a letter to the Premier Morris Iemma.**
- 3 That Council write to each of the Central Coast State Members of Parliament requesting that they support the community in opposing this plan.**
- 4 That replies from State Members on this representation be reported to Council in a future business paper.**

FOR: COUNCILLORS BEST, EATON, FORSTER, GRAHAM, PAVIER, STEVENS, STEWART, VEUGEN AND WELHAM.

AGAINST: COUNCILLORS ROSE.

21 December 2007

The Hon J Della Bosca  
Minister for the Central Coast  
PO Box 1327  
GOSFORD NSW 2250

Dear Mr Della Bosca

At its meeting held on 12 December 2007, Council considered a motion of urgency on the proposal to privatise the State power industry and resolved as follows:

- “1 That Council support its community and in particular the significant number of people employed in the power industry by expressing its opposition to the State Government proposal to privatise and lease the NSW power industry.*
- 2 That the Mayor express Council’s opposition through a letter to the Premier Morris lemma.*
- 3 That Council write to each of the Central Coast State Members of Parliament requesting that they support the community in opposing this plan.*
- 4 That replies from State Members on this representation be reported to Council in a future business paper.”*

The Council is most concerned about the proposal and the impact it will have on Central Coast Residents and ratepayers. The Council is of the opinion that provision of electricity is a basic service which should be provided at the most economical cost to all.

Historical evidence shows that privatisation of utility services and assets does not benefit the original owners. Shareholders of the new owners do benefit but that is at the expense of service provision with cost increases and job losses resulting. For example, Qantas and Telstra.

In addition, privatisation or long term leasing of assets (which is the same as privatisation from an operational point of view) will inevitably lead to a significant loss of local employment.

Wyong Shire is a low socio economic area and Council is endeavouring to attract business and industry to ensure job opportunities for its residents and ratepayers. Any price rise in electricity would have a major impact on their operating costs and could impact on those job opportunities. As electricity is such an integral part of everyday life, any increase in its cost would have severe ramifications for the high pensioner population which is already struggling to cope with everyday expenses and relies heavily on charitable and government services.

Page: 2  
Minister Della Bosca

For the above reasons, Council subsequently resolved to support its community and in particular the significant number of people employed in the power industry by expressing its opposition to the State Government proposal to privatise and lease the NSW power industry.

Council also resolved to request you to support the community in opposing this plan.

I look forward to your response in this regard.

Yours faithfully

Warren Welham  
**MAYOR**

NOTE: Letter sent to:  
J Della Bosca  
D Harris  
G McBride  
M Gallacher  
G Piper  
R Coombs  
M Andrews  
C Hartcher



6 February 2008

Ms Zoe de Saram  
NSW Department of Premier and Cabinet  
Level 39  
Governor Macquarie Tower  
1 Farrar Place  
SYDNEY NSW 2000

Dear Ms Zoe de Saram

### **NSW Electricity Industry**

The following comments are offered in response to particular criteria that the Committee is required to examine in its statement on the impacts of the proposed changes to the State Electricity Industry.

#### *The Direct and Indirect Social Usefulness of a Public Asset, Service or Utility*

Issues that warrant consideration are:

- \* Profits earned by publically owned / operated utilities are retained in public hands. The private sector will only become involved if it can earn a profit. Unless this profit can be paid for by efficiency improvements then it must be met by higher charges and / or reduced levels of service. The Owen Report indicates that the National Electricity Market (NEM) is efficient. Lower charges and / or higher levels of service arising from public ownership / operation are considered to be benefits that should not be discarded lightly.
- \* Publically owned / operated utilities do not require a high level of regulation to ensure compliance with service delivery, environmental and social standards. A privately owned / leased utility will require a significantly higher level of regulation. The additional cost of this regulation will need to be met by increased charges / taxes.
- \* A publically owned / operated utility has significant flexibility to respond to changing circumstances such as environmental standards, climate change, service standards, global warming etc. Governments can enact relevant changes in public utilities without incurring cost penalties associated with private sector contracts.

#### *The Retention Value of the Enterprise Measured Against its Sale Value*

Based on the NSW Government's response to the Owen Inquiry Report it is assumed that Sale Value should be Lease Value.

Any calculation to the true lease value to the community needs to take into account the following additional costs associated with involvement of the private sector;

- \* the profits that will flow to the private sector
- \* the cost of administering the lease
- \* the increased cost of regulation

As indicated above, unless these additional costs are recovered by efficiency gains, which would be contrary to the findings of the Owen Inquiry then any commercial calculation of nett value to the community will be negative.

#### *The Current Structure of the Market Place*

While the electricity market can theoretically be defined as competitive the same can also be said of the petrol market and the food market. Recent developments would seem to indicate that it would be in the communities interest if the Government could exert some control over these industries.

The Government, as a competitor in the electricity industry, can exert more control than it could as a regulator and without incurring the significant cost of regulation.

This raises the issue of why the whole generation industry needs to be leased to achieve the key objective of the Owen Inquiry which is to encourage the private sector to fund the estimated \$15 billion investment required over the next 10-15 years. This could be achieved by the private sector only providing the additional generating capacity when it is required. This approach may achieve the best of both worlds.

#### *The Impact on Specific Groups or Regional Areas*

With two power stations located within the Wyong Shire, the electricity industry is a large employer within an area that is relatively disadvantaged socially and economically. Further unemployment would have unacceptable impacts on the Shire.

These two power stations (Vales Point and Munmorah) draw and discharge cooling water from / to the local lakes systems. As such their potential for environmental impact is significant. As a public utility Delta Electricity has worked with the Councils (Wyong and Lake Macquarie) to minimise this impact. Can this level of co-operation be expected from a private operator?

#### *The Impact on Employment, Skills, Training etc*

Within Australia there is a widely recognised skills shortage. While this cannot be attributed to any single reason there is a strong link, in particular industries, between moves away from public utilities to more privatised structures and a reduction in skills development. An example of this is the reduction in water and sewerage engineer / technicians as a result of the corporatisation of Sydney Water and Hunter Water. Neither of these organisations now support the training and development programmes which were pursued before corporatisation. It is suggested that the transition from State owned Corporation to privately owned / lease facility will further compound this problem within the electricity industry.

#### *Long Term as Well as Short to Medium term Considerations*

Leasing the States Generating capacity may, in the short term, negate the need for the State to raise an estimated \$15 billion for capital investment over the next 10-15 years.

In the medium to long term electricity consumers in NSW will pay:

- \* the additional cost of administering these leases
- \* the additional cost of regulating private sector operators
- \* the additional cost of the profits the private sector will seek in entering into these leases

The Government, in entering into these long term leases will also expose itself to the following risks;

- \* contractual risks – the private sector will not enter into these leases unless the return is virtually guaranteed. Any changes to the leases which the Government wishes to make in the future as a result of changing circumstances such as climate change / global warming will incur cost penalties.
- \* cost of regulation risks – how much will it actually cost to ensure the electricity market remains competitive if there are only private sector operator?

Yours faithfully

Kerry Yates  
**General Manager**

24 December 2007

The Hon M Iemma  
Premier of NSW  
Parliament House  
SYDNEY NSW 2000

Dear Premier

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Page: 2  
Premier lemma

For the above reasons, Council subsequently resolved to support its community and in particular the significant number of people employed in the power industry by expressing its opposition to the State Government proposal to privatise and lease the NSW power industry.

Yours faithfully

Warren Welham  
**MAYOR**

Cr Warren Welham  
Mayor  
Wyong Shire Council  
PO Box 20  
WYONG NSW 2259

29 January 2008

Dear Mr Welham

I thank Councillors from Wyong Shire Council for their interest in the Electricity Reform Agenda proposed by the NSW Government.

This is a very complex issue requiring a full understanding of how the industry currently operates including:

- how the National Electricity Market impacts (or will impact) on government owned power stations;
- the impact on the price of electricity of not providing additional generation capacity as well as the impact of any new carbon tax regime;
- the implications on the total State budget of sourcing the required funds to provide necessary upgrades and construction of new and existing power stations, whilst balancing funding for other essential areas such as Health, Education, Roads etc.; and
- how employment and conditions for workers in the industry can be protected now and into the future.

Over the past few months I have been researching all of these issues in detail, so that I have a full understanding of the impact on the community of either carrying out these proposals or the implications of maintaining the status quo.

This research has included visits to meetings of union members at Vales Point and Eraring Power Stations and a detailed briefing and tour of Delta facilities. This has involved gaining an understanding of future infrastructure needs to ensure a stable supply of electricity for the business sector and community in NSW.

I have also met and talked to a number of people in the community who have exhibited a variety of views on the subject.

**It is clear that the community generally has strong opinions against the current proposal and I will certainly ensure these views are made known to the Premier and Treasurer when Parliament resumes at the end of the month.**

**I also believe that there are number of areas, which requires further investigation, and consultation with the community.**

The Central Coast community was built on the back of the power industry and you can be assured that I will work hard to ensure the best interests of all members of the public are looked after.

I would also like to point out that the Liberal Opposition had a policy of selling the retail electricity business sector going into the last election and there is no doubt that they would do the same with generation as Kennett did in Victoria with no protections for the work force and no plan for new generation.

The Greens have a policy of closing all coal fire power stations, which would effectively end the power industry and result in a major impact on jobs on the Central Coast and Lake Macquarie.

The NSW Government is investing \$2.9 billion upgrading electricity infrastructure in NSW including \$23 million at Berkley Vale to support the growth in local industry and jobs.

How we will provide the necessary energy supplies to meet the needs of a growing population and new industry is the biggest challenge this current Government faces.

I am committed to ensuring the growth of this region is supported by necessary infrastructure including electricity. The question is how this is best achieved for the benefit for all concerned.

Yours sincerely

**DAVID HARRIS MP**  
**Member for Wyong**



Tuesday, 15 January 2008

Councillor Warren Welham  
Mayor  
Wyong Shire Council  
PO Box 20  
WYONG NSW 2259

WelhamW-Ent090119-1022.Doc

Dear Councillor Welham

Thank you for your letter of 21 December 2007 regarding the proposed privatisation of the NSW power industry.

The Premier has stated that securing the future of our energy supplies is the biggest decision this Government will take and the decision will benefit the NSW economy, State Budget and environment for the next 20 years and beyond.

I have listened to the arguments, researched privatisation in other States and am not convinced that this course of action is in the best interests of the residents of NSW, and particularly the Central Coast.

I have spoken very publicly of my opposition to any sale of our energy industry and will this week address a meeting of local Power Station workers and hear their views.

During the Caucus meeting to vote on the issue, I expressed my views and concerns. I also recorded my vote against the proposal.

I will continue to stand by my convictions and oppose privatization of the power industry in NSW.

If I can be of any further assistance in this matter please do not hesitate to contact me.

Yours sincerely

**Grant McBride MP**  
Member for The Entrance

Office: 24 The Entrance Road, The Entrance • Mail: PO Box 401 The Entrance 2261  
Phone: 4334 1012 • Fax: 4331 3810 • Email: theentrance@parliament.nsw.gov.au







Chris Hartcher

11 January 2008

The Mayor  
Wyong Shire Council  
Council Chambers  
Hely Street  
WYONG NSW 2259

Dear Mayor

I thank you for your letter of 29 December 2007 advising me of Council's urgent resolution, carried on 12 November 2007, in relation to State Government plans to privatise the NSW power industry.

The State Government's announcement reflects poorly upon their integrity. The Premier, Mr Lemma, was a senior Minister in the Carr Government in 1999, which went to the general election in March of that year pledging to oppose any privatisation of the NSW power industry.

Mr Lemma, as Premier, pledged before the March 2007 election that the Lemma Government, if re-elected, would not privatise the NSW power industry.

Now Mr Lemma and Mr Costa have made clear their intention to proceed with privatisation.

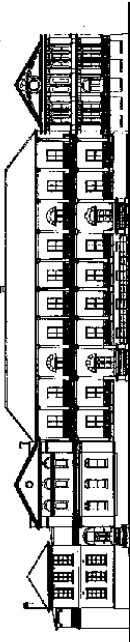
I will ensure your letter and Council's considered resolution are put before the NSW Opposition parties in determining their stance on any legislation to be introduced by the Lemma Government. I note recent media reports to the effect that legislation would be required to give effect to any sale or long term lease.

Kind regards,

  
CHRIS HARTCHER MP  
Member for Terrigal



WARREN  
WENHAM



*Forwarded with the Compliments of*

*Marie Andrews MP  
Member for Gosford*

*Marie Andrews*

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25 JAN 2008



New South Wales Government

Department of Premier and Cabinet

Governor Macquarie Tower,  
1 Farrer Place, Sydney NSW 2000  
GPO Box 5341, SYDNEY NSW 2001  
T: (02) 9228 5300 F: (02) 9228 3062

AA08/00398 – NREDB

21 January 2008

Ms Marie Andrews MP  
Member for Gosford  
PO Box 223  
WOY WOY NSW 2256

Dear Ms Andrews

The Premier has received your representations dated 20 December 2007, on behalf of several of your constituents, about the recently announced changes to the NSW electricity sector, and has asked me to reply to you on his behalf.

The NSW electricity supply needs to keep up with the energy requirements of families and businesses across the State. NSW needs new baseload electricity generation built by about 2014.

To secure NSW's future energy needs **at no cost to taxpayers**, the NSW Government has accepted the key recommendation of the Owen Inquiry into Electricity Supply in NSW to restructure ownership arrangements for its electricity generation and retail businesses.

The restructure will involve the transfer of the Government's retail electricity functions to the private sector, and the lease of NSW power stations, with the exception of Snowy Hydro.

All current electricity infrastructure **assets will remain in public ownership**. That includes the power stations and the transmission and distribution 'poles and wires' of the State-owned companies EnergyAustralia, Integral Energy and Country Energy, as well as TransGrid.

The reforms will create the right conditions and incentives for the private sector to invest in baseload generation in New South Wales, saving taxpayers up to \$15 billion and unlocking funds for investment in roads, trains, hospitals, schools and other essential infrastructure.

The changes will also mean that people working in the electricity sector have a strong and secure employment future. All current public sector retail and generation workers are **guaranteed jobs** in their current locations across the State.

[www.nsw.gov.au](http://www.nsw.gov.au)

You may be assured that electricity customers (households and small businesses) will continue to be **protected by regulated retail prices** set by the Independent Pricing and Regulatory Tribunal, to at least 2013 or until the Government is satisfied there is sufficient competition in the retail energy market. The Government will also maintain its strong customer protection regulations and its social programs, including pensioner concessions.

The Government has also announced an **environmental protection** package including a new Energy Efficiency Strategy and additional funds for a \$100 million Renewable Energy Development Fund, to ensure the State remains in a strong position to tackle the ongoing challenges of climate change.

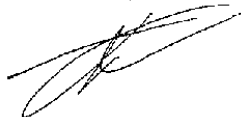
The Energy Efficiency Strategy was developed following consultation with environmental groups. The Strategy will deliver a range of measures to assist families and businesses to reduce their energy consumption and save money on electricity bills.

The Government will now develop detailed plans for the use of proceeds from the transfer of assets. While it will take time to finalise these plans, the Premier has indicated that priority areas for new investment will include:

- urban transport initiatives, such as Euro-style metro technology and the extension of the M4;
- upgrades to rural water and sewerage infrastructure;
- rural and regional road transport infrastructure;
- the new Energy Efficiency Strategy; and
- supporting the development of clean energy, including clean coal and renewables.

Thank you for taking the time to write to the Premier on this issue.

Yours sincerely



J.L. Schmidt  
for Robyn Kruk  
**Director General**



New South Wales Government

Department of Premier and Cabinet

Governor Macquarie Tower,  
1 Farrer Place, Sydney NSW 2000  
GPO Box 5341, SYDNEY NSW 2001  
T: (02) 9228 5300 F: (02) 9228 3062

AA08/00996 – NREDB

22 January 2008

Councillor Warren Welham  
Mayor  
Wyong Shire Council  
PO Box 20  
WYONG NSW 2259

Dear Councillor Welham

The Premier has received your correspondence about the recently announced changes to the NSW electricity sector, and has asked me to reply to you on his behalf.

The NSW electricity supply needs to keep up with the energy requirements of families and businesses across the State. NSW needs new baseload electricity generation built by about 2014.

To secure NSW's future energy needs **at no cost to taxpayers**, the NSW Government has accepted the key recommendation of the Owen Inquiry into Electricity Supply in NSW to restructure ownership arrangements for its electricity generation and retail businesses.

The restructure will involve the transfer of the Government's retail electricity functions to the private sector, and the lease of NSW power stations, with the exception of Snowy Hydro.

All current electricity infrastructure **assets will remain in public ownership**. That includes the power stations and the transmission and distribution 'poles and wires' of the State-owned companies EnergyAustralia, Integral Energy and Country Energy, as well as TransGrid.

The reforms will create the right conditions and incentives for the private sector to invest in baseload generation in New South Wales, saving taxpayers up to \$15 billion and unlocking funds for investment in roads, trains, hospitals, schools and other essential infrastructure.

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- urban transport initiatives, such as Euro-style metro technology and the extension of the M4;
- upgrades to rural water and sewerage infrastructure;
- rural and regional road transport infrastructure;
- the new Energy Efficiency Strategy; and
- supporting the development of clean energy, including clean coal and renewables.

Thank you for taking the time to write to the Premier on this issue.

Yours sincerely



J.L. Schmidt  
for Robyn Kruk  
**Director General**