

Generating cash, but public keeps big asset



Phillip O'Neill

PREMIER Barry O'Farrell has announced the sale of the state's electricity generators. The sale will yield about \$5 billion, according to experts.

More important, though, is his decision not to sell Ausgrid. Ausgrid is the state's biggest electricity asset. It operates 200 large substations, 500,000 power poles, 30,000 small distribution substations and almost 50,000 kilometres of below- and above-ground cables.

There are reasons for and against state ownership of power stations, although the trend worldwide is to let the private sector do the job.

Innovation is sorely needed in renewables, like wind and solar, and the move out of old-coal generators is expensive. So long as jobs are protected and private generators are properly regulated, it makes sense for the private sector to make and sell electricity.

The key to secure efficient electricity, made in ways that don't cook the planet, is to operate a well-maintained, high-tech electricity transmission system.

Keeping Ausgrid in public hands is crucial.

The Premier has done the right thing. But there is much to be done.

The O'Farrell decision is the latest chapter in 16 years of serious debate about the ownership of the NSW electricity system.

Former Labor premier Bob Carr wanted to sell the lot in 1997 but the plan was vetoed by his party.

In 2007, Labor premier Morris Iemma commissioned the Owen Inquiry into the NSW electricity sector and then attempted to privatise it the following year, failed, and he was dumped soon after.

Earlier this year, in the last days of her Labor government, Premier Kristina Keneally sold off the state's electricity retailers and the rights to electricity generated from the Eraring power station and from those in the Lithgow area. She made \$5.3 billion.

For 16 years the logic to sell has remained constant. The cost of maintaining our ageing coal-fired generators and upgrading the



RIGHT MOVE: The decision to sell the state's electricity generators is the latest chapter in 16 years of debate.

transmission system is high and rising. The need for new capacity is urgent. And the sale of electricity assets can fund other expensive infrastructure such as public transport.

In May, O'Farrell set up the Tamberlin Inquiry to investigate the Keneally transactions. Tamberlin's report was released last month. As ever, Keneally came up smelling of roses. Almost by way of addendum, though, Tamberlin recommended NSW power stations be sold into private hands, although he was silent on what to do with the towers, cables, poles and wires.

Previously, Owen had advised Iemma to keep these as public assets.

Since the release of Tamberlin's report, Barry O'Farrell has been under intense pressure to flog off the generators, as well as Ausgrid's poles and wires.

Former Coalition premier, Nick Greiner, now chair of Infrastructure NSW, said sell, sell, sell.

Lobby group Infrastructure Partnerships Australia agreed, as did the NSW Business Chamber. Their chorus claimed \$30 billion to \$40 billion of loot could fund much-

needed NSW infrastructure. Yet O'Farrell has stared down his Tory mates.

The sale of the generators is predicted to bring around \$5 billion. The sale of Ausgrid would have yielded more than \$20 billion.

The reason for the high potential sale value of Ausgrid is that distribution costs make up nearly 50 per cent of the charges in our electricity bills. Generation costs make up only 40 per cent.

So whoever owns the Ausgrid assets gets the lion's share of the money we pay for electricity.

But the Ausgrid network is a natural monopoly. It's a text book case. One network is perfect. Two or more would be stupid.

Putting a natural monopoly in private hands is dangerous stuff.

There are other good reasons for public ownership of the grid.

One is to ensure that NSW gets full benefit from the national electricity market as it grows. The national electricity market means your retailer, say EnergyAustralia, on a bitter wintry day in NSW, can buy surplus electricity at a cheaper

price from a sunny, warm Queensland and pass on the savings. This needs a grid that can move electricity around the continent.

Another is to make sure the grid gets to new places where renewables are generated, to a solar farm at the back of beyond, to giant wind turbines along remote stretches of Bass Strait, or, simply, so you can share the electricity coming off your neighbours' roofs.

And another is the need to configure the grid for new plug-and-go uses like electric cars, and to incorporate smart technologies that help us manage our home energy use better. But making our electricity grid smart and planet friendly will cost money. Ausgrid will need just about all of what Premier O'Farrell raises from the sale of the generators so it can upgrade the grid to do the things it needs to do. So don't get ahead of yourself, Barry.

Professor Phillip O'Neill is the director of the Urban Research Centre, University of Western Sydney.



Funds on track

PROCEEDS from the sale of the state's electricity generators could enable light rail to be built sooner in the inner city, according to Newcastle MP Tim Owen. Not all online readers were satisfied with this.

This is a prime example of political tactics tricking the public into accepting an unsavoury political decision from what is becoming a more unsavoury NSW government. **Novocastrian**

Excellent. A tram system would give safe, regular, easily accessible transport from Newcastle to Broadmeadow and Hamilton. **GeorgeJ**

Dream on, Tim. Both you and I will be pushing up daisies before this happens. **Steve**

Tim, you said your decisions would be based on facts. Where are the facts about light rail? Tim, you said there will be no more reports. Where is the report that supports light rail? **Bigfeller**

Please tell us, Tim, when you Liberal and Labor Party people have eventually sold off all our assets and left us with nothing but the financial liabilities, where will you get the money from to build new infrastructure and maintain the existing infrastructure? **Arthur Mooney**

Owen is spot-on with his comments on light rail. Only when the heavy rail line is removed and the CBD opened to the harbour will we see jobs created in the inner city. It wouldn't surprise me if Owen does pull that one off but it will be thanks to the work of the former member. **chav**

Light rail in the CBD. Who will it serve? For revitalisation the CBD needs more people. Less than 3 per cent of workers and 0.5 per cent of the Lower Hunter population live in the CBD. So how will light rail in the CBD bring in more people? All pie in the sky cargo cult fantasy nonsense. **edtech**

City in good hands if we all just get along

Newcastle faces many challenging days ahead, writes Rick Prosser.

WITH City Hall's upkeep through the roof, the old post office, housing pressures, juvenile offences and, might I dare to mention, the fig trees that seem to have dominated the landscape for what seems like an eternity, the city faces many challenging days ahead.

A mate of mine said to me recently with a smile on his face: "While the city is looking at the fig trees we should take out the rail line."

Yet there are glimpses of greatness around the city as well.

I recently did a radio program with a couple of ministers I know, Reverend Phil Skinner and pastor Kevin Wilcock, about the joint initiative in establishing a "soul

cafe" in Wallsend. Kevin's soul staff and volunteers in the city have helped Phil and his team to start something in Wallsend; giving time, resource and equipment.

I was shocked when I discovered they had no written agreements behind the venture - they just had a verbal agreement to make it happen and help as many people in the process.

A handshake and a man's word sounds a bit old school, doesn't it?

What is clearly evident is the power in their agreement. In fact, I was so impressed by their unified approach that I'm not surprised it's working out.

I've had a great privilege over many years to be on many different teams - paid and volunteering, leading and serving. With this you get to see and experience an array of dynamics with all sorts of outcomes.

There is nothing better than working with people when the power of agreement is in the mix; when hearts and minds unite around a common purpose anything is possible.

Agreement creates momentum, trust and power to get things done. Agreement finds solutions and makes a way through any given situation.

I've seen the opposite of this, which is stalling, suspicion and powerless situations in which those designated to lead either didn't or couldn't.

In fact, when disagreement is present, almost everything stalled and some great plans just got shelved.

I'm almost certain that, throughout the community, we can agree on a couple of things. The first is that this city is a great place to live. The second is that this city has

so much potential. One can't help but wonder if the true potential of the city will be realised, given we are the ones entrusted with it.

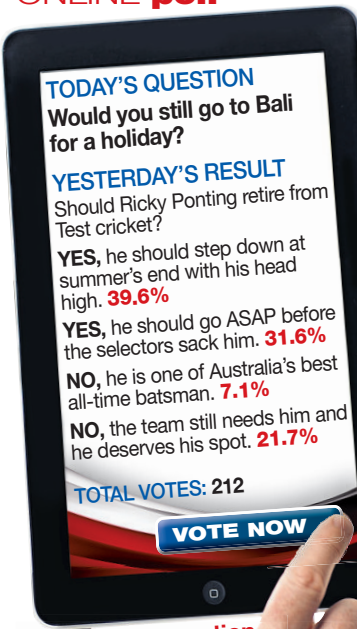
The truth is that agreement can be a difficult place to find in a lot of things: relationships, the workplace and the community.

But it must be said also that we must find those places of agreement. Call me an idealist if you like, but I believe our greatest days are ahead of us.

We have the greatest opportunities for creative and proactive leadership to surface if we can harness the power of agreement.

Rick Prosser is a pastor at the C3 Victory Church and Heads of Churches chairman. Article submitted by the Churches Media Association.

ONLINE poll



JOIN the conversation ...
 theherald.com.au
 LIKE US on Facebook Newcastle Herald
 FOLLOW US on Twitter twitter.com/newcastleherald