

Light bulb time for NSW power

Power sale Business
electricity users in NSW want the poles and wires sold because state ownership is expensive, does not work and serves no purpose – and all the objections to the sale simply do not stack up in reality.



Phillip Barresi

Elections can bring out the best in our politicians as they engage in community forums and railway station appearances. Elections can also expose some of the hypocrisy and hyperbole we are asked to swallow as fact. The NSW state election campaign is no different, particularly in response to murmurings about electricity asset privatisation.

So far, we have had the claims that small rural communities will be cut off from the grid, mass sackings of distribution network employees will take place, private operators will rip the dollars out of consumers' hands, and finally that we will have increased blackouts through compromised reliability supply as a cost-cutting measure by these same private providers.

None of the above need happen. Through strong asset privatisation guidelines and the enforcement of network licence conditions by a vigilant Australian Energy Regulator, they can be avoided.

Energy users, whether large industrial or at the residential level, should cautiously welcome moves to privatise public-owned energy assets. Study after study demonstrates government ownership of electricity assets has driven up the cost of energy for consumers. Public ownership serves no purpose other than issuing their captive customers unreasonable and unjustified price hikes.

We are well aware that alongside our support for asset sales is a flood of alarmist responses. It is disappointing to see that some of this hysteria has flowed through to the NSW networks' latest claims in their revenue submissions to the Australian Energy Regulator. Specifically unsubstantiated and exaggerated claims about the financial sustainability, safety and reliability of their operations, while the political spin doctors let forth with the usual doomsday spiels about public/private ownership. We predicted this would take place and have urged the AER to hold steadfast against such an onslaught when making its final decision in two months.

Members of Parliament should not be cowed into a position of electoral fear and backlash. Surely, it's now time to seriously look at the evidence and not the historically romanticised rhetoric. The current policy simply does not work. It places an unacceptable pressure on energy users who have had to absorb increasing costs that substantially exceed those in private, competitive markets. It places the government as both gamekeeper and poacher – with the energy minister trying to

protect consumers from price increases while Treasury demands maximum revenue gains from an ever-increasing regulated asset base.

It is baffling to witness those opponents of asset privatisation who would normally be calling for energy price relief for consumers not recognise that compared with similar assets in Victoria, network costs in NSW are at least 100 per cent more than they need to be. If the market power of generators and retailers is the key concern, then let's debate those issues as a separate exercise and not mistakenly use them as an excuse to argue against monopoly network privatisation.

The NSW networks reap extraordinary returns when compared with Australia's best-performing ASX 50 entities, and yet these same networks are among the least efficient in the marketplace. Since

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privatisation in the 1990s, network prices in Victoria and South Australia have fallen significantly. In comparison, NSW energy consumers are significantly disadvantaged, struggling with soaring electricity bills – for some industrial users high enough for them to consider closing their doors.

Energy asset sales are more than a means to reach budgetary objectives to pay for neglected and vital infrastructure. Equally importantly, they are a means of delivering affordable energy prices to the state's struggling employers, small business and families. No matter who is in government, energy costs continue to be a burden on all energy users and need serious attention. Energy asset sales are a means of driving down energy costs. We have three weeks to turn on the intellectual light bulb and interrogate those harassing us at the railway station in the morning for the facts.

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