

ENERGY REFORM TRANSACTIONS VISIT

Purpose of travel

- 1) High level Government engagement with shortlisted parties to participate in the NSW Energy Industry Reforms (the 'Reforms').**
- 2) State and Regional Development talks on trade between North Asia and NSW**

Benefits of travel for the State of New South Wales

The NSW Government is currently undertaking a series of important Reforms to the NSW electricity sector which will:

- Ensure NSW homes and businesses continue to be supplied with reliable electricity;**
- Deliver a competitive retail and wholesale electricity market in NSW to increase the potential for the sector to respond dynamically and innovatively to market forces and opportunities;**
- Create an industry and commercial framework that encourages private investment in the NSW electricity sector reducing the need for future public sector investment in retail and generation; and**
- Place NSW in a stronger financial position by optimising the sale value of public assets, reducing the Government's exposure to electricity market risk, and reducing the State's public sector debt.**

One of the most important objectives of the Reforms is to secure a new entrant into the NSW generation sector which will increase competition in the industry and deliver competitive benefits to NSW families and businesses.

The Reforms involve:

- selling the retail activities and functions of the three State-owned energy corporations (EnergyAustralia, Integral Energy and Country Energy);**
- selling the Government's power station development sites;**
- contracting out the electricity trading rights of the nine State-owned power stations to the private sector (commonly referred to as the 'Gentrader model'; and**
- The Government will continue to maintain public ownership of existing power stations, electricity transmission and distribution networks in NSW (the poles and wires).**

Further details about the Reforms are set out in the Delivering the Strategy: approach to transactions and market structure paper, available at www.nsw.gov.au/energy.

The NSW Government has invested significant effort and resources towards securing a new entrant into the NSW generation sector. This included

presentations to potential international investors in April 2009.

On September 28, 2009, the NSW Government called for Expressions of Interest from parties interested in participating in the Government's energy reform transactions. In early December 2009, parties were shortlisted to participate in the transactions.

Due diligence for the retail and Gentrader transactions commenced on July 1, 2010 with interested parties gaining access to detailed financial, technical and legal documentation associated with the reforms.

Prior to the commencement of due diligence, the NSW Government received advice from its financial advisers that it was appropriate for a senior Government representative to undertake a final round of engagements with all interested parties involved in the transactions, both domestic and international.

Between 29 June 2010 and 1 – July 2010, the Treasurer, representatives of the NSW Government's energy transaction office and financial advisers met with senior representatives of shortlisted parties in the Government's Reform transactions, including potential new entrants to the NSW generation sector.

The purpose of these meetings was to emphasize the NSW Government's strong commitment to its Reforms, its intention to complete the transactions by the end of 2010 and to explain the timetable for the transaction process from the opening of data rooms to the submission of binding bids.

It was considered essential that a senior Government representative lead the discussions in these meetings.

Separately the Treasurer held talks with Australian trade and investment officials in China on opportunities to enhance trade between NSW and China.

Estimated costs and details of travel

Minister	The Hon. Eric Roozendaal
Portfolio	Treasury, State and Regional Development
Countries visited	China
Date of travel	28/06/10 – 2/7/10
Number of accompanying:	
(a) Ministerial Staff	(a) 1
(b) Government Officials	(b) 0

(c) Government Advisers	(c) 4
Accompanied by spouse in an official capacity	N/A
Air fares	
(a) Minister and Ministerial Staff	(a) \$14,320
(b) Government Officials	(b)
(c) Government Advisers	(c) \$23,934
Accommodation and meals	
(a) Minister and Ministerial Staff	(a) \$2,104
(b) Government Officials	(b)
(c) Government Advisers	(c) \$4,519
Official hospitality expenses	
(a) Minister and Ministerial Staff	(a)
(b) Government Officials	(b)
(c) Government Advisers	(c)
Other expenses (including meals not covered above, refreshments, surface travel and travel allowances)	
(a) Minister and Ministerial Staff	(a) \$2,152
(b) Government Officials	(b)
(c) Government Advisers	(c) \$4,000