



Andrew Constance MP

NSW Treasurer

Minister for Industrial Relations

MEDIA RELEASE

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RESPONSE TO SCOPING STUDY INTO LONG-TERM LEASE OF NSW ELECTRICITY NETWORK

The NSW Government will proceed with the long-term lease of 49 per cent of the NSW electricity network to fund a once-in-a-generation opportunity to transform NSW, unlocking \$20 billion for critically needed infrastructure projects across the State.

NSW Treasurer Andrew Constance said the Government had considered the findings of a detailed Scoping Study into the proposal which assessed the best approach for the leases.

Under the proposal, TransGrid, Ausgrid and Endeavour Energy would be wholly or partially leased while the country based distribution network, Essential Energy, would remain 100 per cent Government owned.

“The funding boost will turbocharge the economy, recycling funds into much needed major rail and road projects, sports and arts facilities, regional water security, tourism and environmental projects as well as funding for regional and metropolitan hospitals,” Mr Constance said.

The long-term lease and \$20 billion infrastructure program will proceed only if the NSW Liberals & Nationals receive a mandate for the reform at the State election in March next year.

The Scoping Study report - conducted by financial advisors Deutsche Bank and UBS - found that the network businesses were likely to attract a broad range of domestic and international investors due to their long-term strategic value as regulated assets.

The structure and sequence of transactions would include a 100 per cent lease of TransGrid offered first. The lease of majority interests in Ausgrid and Endeavour Energy would follow, but a decision as to the sequencing of these transactions will be confirmed at a later date.

The NSW Government intends to undertake trade sales for all three businesses. However, it will retain flexibility to consider an IPO for Ausgrid or Endeavour Energy should market conditions indicate that this would result in a better outcome for the State.

The NSW Government will retain 51 per cent ownership of the entire network including 100 per cent of the regional network, Essential Energy.

“The NSW Government’s plan to lease 49 per cent of the electricity network is good news for the people of NSW and good news for electricity consumers,” Mr Constance said.

“The recent AER draft determinations confirmed what we and numerous others have been saying all along about electricity prices - privately operated networks, such as those in Victoria and South Australia, are significantly more efficient than Government-owned ones like those in NSW.

“NSW residents currently pay more for their electricity than they should, and do not receive the benefits of efficiency that flow to households and businesses in Victoria and South Australia.”

The NSW Government’s decision to proceed with the long-term lease also follows the completion of a community consultation process for the \$20 billion infrastructure plan, Rebuilding NSW, which found it has overwhelming support.

“The NSW Government consulted a wide range of stakeholders on its infrastructure plan from social services and industry associations, to councils, consumers and business and advocacy groups, and received resounding support,” Mr Constance said.

“This plan future-proofs our state, boosting the economy by almost \$300 billion in just over 20 years, creating more than 100,000 jobs over that time.”

The NSW Government remains committed to the following strict conditions for the partial lease of the network businesses that were outlined in June:

- All net proceeds will be invested in new productive infrastructure, through the Restart NSW Fund;
- The transaction will have no adverse impact on electricity reliability;
- The regional presence of the network businesses will be maintained; and
- Essential Energy will remain in full public ownership.

The NSW Government will liaise with the network businesses about a response to the AER’s draft determinations regarding employment. The eventual transition arrangements for employees will be finalised once the AER releases its final determination.

The condition for a 1 per cent discount off regulated network prices until 2019 has been superseded by the AER’s draft determinations, which will deliver far greater savings to consumers.

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