

# MEDIA RELEASE

**FOR IMMEDIATE RELEASE**

**9 August 2012**

## **SCHOTT REVIEW STRENGTHENS THE CASE FOR FULL ELECTRICITY PRIVATISATION, WHOLESALE BUDGET REFORM**

The release of Dr Kerry Schott's Commission of Audit report again highlights the case for a full privatisation of the State's remaining electricity sector, in concert with a suite of reforms to cut public sector waste, says [Infrastructure Partnerships Australia](http://www.infrastructure.org.au).

"The Schott Review provides a clear remedy to fix the State's ailing finances and restore capacity to deliver the infrastructure that's needed," said IPA Chief Executive, Brendan Lyon.

"Funding infrastructure in the immediate term demands the sale of assets, and in the short, medium and longer term, it means cutting waste in the public sector so that the State is living within its means and using debt to fund new projects, not to pay wages.

"Dr Schott correctly identifies the sale of electricity assets as a key opportunity to invest in new infrastructure and bring down the cost of electricity for the State's consumers and businesses.

"A well-structured sale of the remaining generators and the network businesses would strengthen the State's bottom line by around \$50 billion, meaning it's the 'get out of gaol free' card that NSW needs to catch up on its infrastructure investment task.

"Electricity reform has been a divisive political issue, with sometimes outrageous claims by ideological opponents used to frustrate reforms posed by both Coalition and Labor Governments.

"But since privatisation, electricity prices in Victoria and South Australia have risen at half the rate of NSW, because private companies are competing for customers. Meanwhile, the continued monopoly public ownership in NSW has seen inefficient work practices and infrastructure investments jack up prices, vandalising the competitiveness of NSW businesses and squeezing low income households.

"But the sale of electricity alone doesn't solve the long-term challenge of capital funding, it has to be accompanied by reforms to the cost and quality of public services too.

"You cannot run a business or household budget that sees you spend more than you earn year on year and the same is true for the State of NSW.

"Dr Schott has found that the State needs to cut its cloth so that it routinely delivers a net operating surplus of between \$500 million and almost \$1 billion each year.

"Today's surplus is tomorrow's infrastructure spend, but turning the budget around will require substantial changes to the way we deliver services.

"The sale of assets and reform of public services will undoubtedly find opponents in the public sector unions and other places, but it's the remedy that's needed to deliver real infrastructure and real solutions to cost of living pressures.

"NSW is facing a difficult budget, with high levels of debt and low levels of productivity in the public sector. These are serious problems and will require an equally serious response from the NSW Parliament. We urge the major parties to work together to support real reform in the interests of every taxpayer and business in the State.

"Real and fundamental reforms are the only way to get the State's infrastructure and public services to the quality and capacity the community expects and the economy demands. We have to accept that if we stick to the status quo, then we'll see more of the same – too little investment and too much waste."

**< ENDS > Media Contact: Michael Bruce 0438 380 464**