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MEDIA RELEASE

**AUDITOR-GENERAL'S REPORT
Oversight of the Electricity Industry Restructuring**

The Auditor-General, Peter Achterstraat, has found no major issue with the way in which the Government wishes to proceed with the restructuring of the State's electricity industry.

Mr Achterstraat was asked by the NSW Parliament to conduct a review of the way in which such a restructuring might be conducted. He was not asked to form a view on whether or not the electricity restructuring should occur. This is a matter for the Parliament to decide.

Mr Achterstraat today tabled his report on his review of the Government's strategy document to the New South Wales Legislative Assembly.

"Apart from a few matters that we feel could be swiftly addressed, we found no major issue with the sale/lease arrangements proposed by the State Government's advisers," Mr Achterstraat said.

The matters the Auditor-General identified as requiring further consideration by the Government are:

- the Government setting a reserve price prior to the transactions for each retailer and generator and not proceeding unless the reserve price is met
- individual retailers and generators could be transacted at the same time rather than sequentially as is currently proposed
- development sites attached to generators could be tendered separately from the generators, in order to encourage quicker development of such sites
- Treasury continuously evaluating the process and the likelihood of success after the marketing campaign and specifically before the first transaction occurs.

The Auditor-General says the implementation of his Office's considerations need not impact on the proposed timetable.

The Audit Office was also asked to examine the proposed employee protections on offer.

"We found they were generally consistent with other privatisations and restructures, except in the case of the five-year employment guarantee for certain generator employees, which is greater than the guarantees in previous privatisations," Mr Achterstraat said.

The report's scrutiny of the issue of protections proposed for New South Wales electricity customers found them to be broadly consistent with those of other States.

The Government's strategy document outlines the proposed sale of the retail functions of EnergyAustralia, and Country Energy and a leasing arrangement for the generators, Macquarie Generation and Delta Electricity, and an initial public offering of Eraring Energy and the retail function of Integral Energy.

Further Information

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