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# Watermark

People Power, The Snowy, Privatisation, and Politics... A Current Affair

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This edition will focus on the recent controversy surrounding the proposed privatization of the Snowy River Hydroelectric Scheme (SRHS). Was it people power or strategic convenience that made the federal government pull out of selling this scheme to a private corporation? First let's look at some of the issues:

### National Icon, Or...

- More than just a dam, more than just masses of electricity, the SRHS has been described as a 'national icon' that bears testimony Australia's post-war cultural heritage and the contribution of migrants making Australia their new home after fleeing countries devastated by war.
- The scheme took 25 years to build with the work of 100, 000 migrant workers from 30 countries...sadly, it also took 121 lives before it was completed in 1974. ([www.members.ozemail.com.au/~slacey/snowy.htm](http://www.members.ozemail.com.au/~slacey/snowy.htm))

### Environmental Disaster?

- On the other hand, the SRHS has also been described as an "environmental, economic and social disaster" with the Snowy River suffering from having "too much taken out and too many pollutants washed back in" ([www.thesource.melbournewater.com.au](http://www.thesource.melbournewater.com.au) ).
- Critics of the dam say that the 'Snowy must flow again', that too much water is being held back by the dam, stopping essential environmental flows and resulting in stagnated pools, overgrown weeds, depleted native fish stocks, rising silt levels and creeping seawater through the lower reaches of the Snowy. ([www.snowyriveralliance.com.au](http://www.snowyriveralliance.com.au)). These combined environmental impacts have left previously rich soils vulnerable to acidification, erosion and salinity.
- The dam blocks about 99% of the Snowy's headwaters, these make up over 60% of the River's median flow through its mouth some 350km away.
- Groups like the Snowy Alliance say that the river must be returned to a flow that is 28% of its capacity to avert an ecological and economic disaster. Recently the Snowy River Inquiry looked into how much extra flow the river needed, and prior to the proposed privatization there was a commitment by the NSW, Victorian and Federal governments to increase flow progressively to an eventual target of 28%.
- The controversy over environmental flows relates to the SRHS' capacity to release large amounts of water to generate sufficient energy to meet energy demands at peak times and, therefore, earn more money on the national energy market. These gains need to be weighed up against overall environmental and economic costs to the region.

- Increasing the flow of the river is controversial because retaining less water in the dams could decrease the SRHS' capacity to release water to supply peak energy demands at a large profit on the national energy market. Conversely, the opportunity to gain green energy credits that the scheme is currently unable to access, could make up some of the immediate balance.

## Why the Big Fuss Over Privatisation?

In last year's June edition of Watermark ( you can look it up on CLRI's website!) we discussed the issue of privatizing water supplies, emphasizing the challenges and pressures faced by people in the majority world. Here is a summary of the pros and cons of privatization of water

### Pro privatisation:

- Increased efficiency in water management
- Increase in government funds allowing more capital investment in services and infrastructure
- Water is still owned by the people, company controls the use through its contract with the state.

### Anti-privatisation:

- Damages the environment because the purpose of private companies is to maximize profit by increasing consumption, therefore no incentive to minimize consumption or prioritise environmental protections
- Inequality and poverty- the disadvantaged will not be able to access this essential resource in the same way as wealthy people.
- Loss of democratic control over an essential resource.
- Used as a condition for development aid or as a condition to cutting international debts to majority world countries by organizations like the World Bank and the IMF. (Check out links on water privatization on [www.aidwatch.org.au](http://www.aidwatch.org.au) for more information)

## QUIZ TIME!!!

Was the Federal Government's decision to pull the plug on the sale of its Snowy shares:

- a) A "nasty but effective political ploy"? (Stephen Bartholomeusz, The Age, 07/06/06, p. 12)
- b) A "depressing reminder of the dangers when governments cave in to populist hysteria" ? (Janet Albrechtson, The Australian, 07/06/06, p.14)
- c) A response to an "overwhelming feeling in the community"? (John Howard)
- d) People power in action

## A timeline for the Snowy Hydro Scheme- from beginning to recent controversy:

- **7 July 1949:** the Commonwealth Parliament passed The Snowy Mountains Hydro-electric Power Act 1949 (the Act), establishing the Snowy Mountains Hydro-electric Authority, the operating body of the Snowy Mountains Scheme.
- **17 October 1949:** Construction started on the Scheme
- **1974:** Construction was completed for a total historical cost (funded by Commonwealth Government advances) of \$820 million. There are seven power stations, 16 major dams, 145 kilometres of inter-connected tunnels and 80 kilometres of aqueducts. Nationalities
- **1997** the New South Wales Government and the State Electricity Commission of Victoria establish joint venture company, Snowy Hydro Trading Pty Ltd (SHTPL), to trade electricity generated by the Snowy Mountains Scheme in the National Electricity Market. The Commonwealth formally joined SHTPL as a shareholder in February 2000.
- **16 December 2005** - NSW government announces it will sell its 58% share in Snowy Hydro.

- **June 28 2002** the Snowy Mountains Hydro-electric Authority was corporatised. This resulted in the merger of the Authority and SHTPL to become Snowy Hydro Limited. (From 'A history-Snowy Mountains Website www. )
- **8 February, 2006** - Federal government is selling its 13% share, following NSW's decision.
- **13 February 2006** - VIC government joins the sale, with its 29% shareholdings
- **29 March 2006** -With only 24 hours notice, the Senate passes a motion "to approve the transfer or disposal of the Commonwealth shares in the Snowy Hydro Company..."
- **30 March 2006** - House of Representatives passes the motion to approve the sale.
- **May 22 2006** - Pre-registration for Snowy float opens
- **May 24 2006** - Greens release legal advice from Brian Walters SC, that the sale of the government's shares is illegal until it passes actual legislation through the Parliament, not just motions. The government rejects the advice but later moves to introduce legislation, setting up a new vote on the sale, and this time, a loss in the Senate.
- **May 25 2006** - The Prime Minister tells the Parliament that," this is probably an issue where, on the surface, a majority of public opinion would oppose what is being done by the three governments...But for the reasons I have outlined, I think the government has taken the right decision." He says the government's legal advice is "pretty sound"
- **May 30 2006** - A motion from Peter Andren MP, seconded by Tony Windsor MP opposes the sale pending a public inquiry in the House of Representatives. Liberals adjourn debate.
- **May 30 2006** - Senator Bob Brown sends ultimatum to Howard to legislate or the Greens will institute a High Court challenge. Government announces legislation to put a cap on foreign ownership. Senator Minchin says the legislation will "have the effect of reaffirming the authority of the Commonwealth to participate in the sale."
- **May 31 2006** - Greens announce their move for a senate inquiry into the sale.
- **June 1 2006** - A letter signed by 56 prominent Australians opposed to the sale is presented to the VIC, NSW and federal Parliaments.
- **June 2 2006** - Prime Minister announces the federal government will be withdrawing its 13% share from the Snowy sale. NSW and VIC governments follow shortly after.  
(Greens website, Senator Bob Brown, 2nd June 2006)

What next for the Snowy???



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Web!

[www.clrinsw.org](http://www.clrinsw.org)

You can read past  
issues of  
*Watermark*  
on our website.

## Reflection

- What does 'PEOPLE POWER' mean to you?
- Is there a time when you have used people power to change something or stop something you disagree with? If so, how did you do it?
- Is the defeat of the proposed privatization of the Snowy Hydro Scheme an example of 'PEOPLE POWER'? Can you think of recent examples where public outcry has not changed Government opinion? Are there good reasons for governments standing firm or do you think they should listen more?
- Why did the Federal government change its mind about the sale of the Snowy Hydro scheme? How might this have affected the Victorian and NSW state governments?
- Are there some things that should never be privatized? If so, would water be one of them?

### Take Action and make people power happen!

Get informed about an issue that is important to you. For example if the privatization of resources concerns you, try looking up

- ü The Australian Fair Trade & Investment Network (AFTINET) is a good place to start looking at the issue of privatization of resources. ([www.aftinet.org.au](http://www.aftinet.org.au)).

Talk about the issue with your friends, family, bus drivers and whoever else you can get to listen! What do they have to say about it?

Write to politicians or send them a petition—

- ü Start with your local member of parliament; then
- ü Ask yourself which politicians are sympathetic to your cause, and which politicians are (at this point) against it.
- ü Tell them what you think about the issue and what your concerns are. Ask them what their position is and what they are going to do about it.