

1 February 2008

Ms Zoe de Saram
NSW Department of Premier and Cabinet
Level 39, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Ms de Saram

Re: Privatisation of state government owned power generation and electricity retailing

The Urban Taskforce is an industry organisation representing Australia's most prominent property developers and equity financiers. Our membership also includes key infrastructure providers, economists, planners, architects and lawyers involved in property development.

Thank you for the opportunity to make a submission to the Consultative Reference Committee, chaired by the Hon. Barrie Unsworth. We thought that we should briefly acquaint the committee with our views.

We believe the privatisation of state government owned power generation and electricity retailing could help take pressure off the State's housing affordability crisis.

NSW has a growing population and the supply of housing is falling well short of what's needed. This means that rents are rapidly increasing and homes are priced beyond the reach of many young families. Recent figures show that annual increases in median rent for one bedroom units are as high as 24 per cent in Auburn and 20 per cent in Marrickville. In 17 local government areas there have been rental increases of 10 per cent or more for two bedroom apartments.

The \$20 billion that could be raised through electricity privatisation should be ploughed back into urban infrastructure. A large scale government investment in new motorways, new train services, new schools and health facilities will make it easier for more affordable housing to be developed.

Homebuyers will be able to access new areas currently out of reach because of poor transport links, or inadequate local facilities. We believe that anyone who wants to see more affordable housing should back plans to privatise the State's electricity generation and retailing assets.

The report by Professor Anthony Owen shows that if the power companies remain in government ownership up to \$15 billion will need to be found to keep them going. Another \$15 billion worth of borrowing for state-owned energy companies will come at the expense of much needed urban infrastructure.

Yours sincerely
Urban Taskforce Australia



Aaron Gadiel
Chief Executive Officer