

18 September 2014

Rebuilding NSW
GPO Box 5341
Sydney NSW 2001

Dear Sir or Madam,

**RE: SUBMISSION ON THE INVESTMENT PRIORITIES FROM THE REFORM AND PARTIAL LEASE
OF THE NSW ELECTRICITY NETWORK BUSINESSES**

The Council of Social Service of NSW and Infrastructure Partnerships Australia are pleased to make a joint submission in respect of the reinvestment of proceeds from the partial lease of the NSW electricity transmission and distribution networks (the poles and wires).

The Council of Social Service of NSW (NCOSS) is a peak body for the not-for-profit community sector in New South Wales. NCOSS provides independent and informed policy advice, and plays a key coordination and leadership role for the sector, working on behalf of people and communities experiencing disadvantage towards achieving social justice in NSW.

Infrastructure Partnerships Australia (IPA) is Australia's peak infrastructure body – formed in 2005 as an enduring policy partnership between Australia's professional public service and industry. IPA brings a focus to substantial reform options to equip Australia to maximise the efficiency of the infrastructure it has, and better sustain the funding for the new infrastructure that is needed.

NCOSS and IPA have joined together in this submission from a common understanding that electricity reform must be used to drive better and fairer outcomes for electricity consumers – and from a recognition that the proceeds from the lease can be used to substantially improve the function and reach of the State's broader infrastructure.

Within this context we are pleased to make a joint submission on two aspects of the proceeds' investment, namely:

1. A dedicated funding allocation to enable investment in social housing; and
2. Opportunities to strengthen consumer representation and engagement on electricity policy.

NCOSS will be making a further submission to the Rebuilding NSW consultation process, under separate cover, addressing issues beyond these areas of common focus.

INFRASTRUCTURE INVESTMENT PROGRAMME

The NSW Government estimates that the partial lease of Networks NSW will liberate circa \$20 billion in net proceeds. We note the Government's commitment that these proceeds will be reinvested in productive infrastructure, with the deliberate aim of supporting economic development and growth across NSW.

NCOSS and IPA strongly support the reinvestment of proceeds into productive infrastructure projects, noting the benefit to residents across NSW; however we also submit that the State would benefit significantly from an increased and dedicated funding allocation directed towards investments in public/social housing.

The lack of social and affordable housing in the State is a well-documented problem. With the cost of housing rising at well above the rate of inflation, the Australian Institute of Health and Welfare estimates that 19.5 per cent of all households in NSW are suffering housing stress – the highest proportion of any state or territory.

We also note that in 2012 Housing NSW estimated that social housing supply was meeting just 44 per cent of the State's need.¹

While social housing serves a relatively small tenant base, it performs an essential public service, providing a safety net for those temporarily or permanently unable to access housing in the private ownership or rental markets. Social housing helps to address homelessness, and should play a critical mediating role between vulnerable and low-income households and the broader economy and community.

The lack of affordable and secure housing, in the right locations, has adverse impacts on the health and well-being of many low-income earners in NSW, and also affects economic and social participation.

Locating affordable and social housing close to facilities and services, including employment, support services like health and mental health, as well as public transport, contributes to broader economic goals such as improved availability of essential workers, reducing travel demand and improving labour force participation by disadvantaged groups. Social housing construction also has demonstrated value in generating additional construction activity and employment and a positive multiplier effect on the wider economy.²

In the context of the substantial 'windfall' funding opportunity posed by the lease of electricity network businesses and of a public housing system in need of renewal and reform, we submit that a specific focus on social housing is warranted. We also recognise the need to renew social housing stock, and to fundamentally change social housing delivery models in terms of asset management, and service delivery.

PROTECTING THE LONG TERM INTERESTS OF CONSUMERS

NCOSS and IPA note that electricity market reforms are inherently complex, and are at times poorly understood by electricity consumers.

We further note the benefit and utility of a deeper community engagement and transparent understanding of the drivers for electricity market reform, electricity regulation as well as the consumer protection framework.

We also note that the Australian Energy Regulator's Better Regulation reform process, which has resulted in a stronger customer engagement framework and the establishment of the Consumer Challenge Panel. Energy Ministers have also recognised the importance of consumer advocacy in agreeing to establish Energy Consumers Australia (ECA).

¹ NSW Auditor-General (2013) *Making the best use of public housing*. Report to Parliament, Audit Office of NSW.

² KPMG for the Housing Ministers' Advisory Committee (2012) *Social Housing Initiative Review*, September 2012.

We submit that NSW has an opportunity to complement these national initiatives and to better empower and engage electricity consumers in the regulatory and market reform processes, through an increase to the funding allocation for consumer advocacy at the NSW level, similar in practise to the Consumer Utilities Advocacy Centre (CUAC) in Victoria.

This would ensure the interests of NSW residents are represented during both State and National policy-making processes, and would improve the community's confidence in the regulatory framework and asset reform process.

We also acknowledge the widespread community concern about the growing problem of energy affordability.

We further submit that the NSW Government could demonstrate its commitment to addressing this problem by committing to reviewing the provision of energy concessions to ensure their ongoing effectiveness in the context of a rapidly changing energy market.

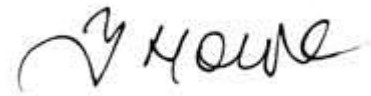
CONCLUSION

NCOSS and IPA wish to thank the NSW Government for the opportunity to provide our joint views on the priorities for reinvestment of the transaction proceeds, and we hope that our submission adds to the NSW Government's deliberations on this important issue.

Yours sincerely,



BRENDAN LYON
Chief Executive Officer
Infrastructure Partnerships Australia



TRACY HOWE
Chief Executive Officer
NCOSS