

Tina Higgins  
Principal Council Officer  
Select Committee on the Leasing of Electricity Infrastructure  
Parliament House,  
Macquarie Street,  
SYDNEY NSW 2000

21/5/15

Dear Ms Higgins,

Please find below my response to the Question on Notice highlighted in the transcript of my evidence to the Select Committee last Monday, May 18: I also enclose a print-out of the Transcript, which I found to be fair and accurate. I have made only one minor punctuation correction (on page 1.)

**RESPONSE TO QUESTION ON NOTICE:**

I would like to make a correction and clarification to my submission evidence. What I should have made clearer was that the authority workforce had tended to be blown out by "over-manning" when Labor was in control. The term "featherbedding" came from the 20s and 30s (though I did observe a lot of people not much occupied when I was shown round the head office of the authority in the mid-to-late 1990s). When I used the term "feather-bedding" – I now concede too loosely - I was thinking of what Thomas Parry, chairman of the Australian Energy Market Operator, and foundation executive chairman of the Independent Price and Regulatory Tribunal of NSW, had written in *The Australian* on February 16, this year. (I quoted him in my book.) He said: "There is little doubt that the government-owned businesses are simply less efficient." He went on to say that privately-owned businesses tended to have more efficient management and lower overheads, partly by contracting-out more work, which is more cost-effective. I also quoted former Labor Treasurer, Michael Costa, who was reported in the *Daily Telegraph* before the

2015 NSW State Election as saying "For two decades NSW has been cursed with a dishonest debate on electricity privatisation, which has resulted in a small, privileged special interest group, the electricity union, maintaining their advantages at the expense of the general good." (I would also point out that while the authority was answerable publicly to its customers and its activities well-reported, researchers had the opportunity to record what it was going on. Once it was corporatised, the shutters came down, and information about its activities was much harder to track down.)

I would also like to take the opportunity to correct the figures I gave in my evidence for the surplus, deficit and workforce numbers in 1924. The correct figures are: the Civic Reform administration in the City Council left a surplus of £204,217 in 1924. The subsequent Labor-controlled council, through the Electric Light Committee, left a deficit of over £38,436 three years later in 1927. In 1924, the last year of the Civic Reform council, the Undertaking's wages annual bill was £530,000. By 1927 under a Labor-controlled council it had blown out to £1,119,387.

Yours sincerely,

Sandra Darroch