



Media release

From the Premier of Victoria

Monday 13 February, 2006

BENEFITS FLOW TO SCHOOLS, IRRIGATORS AND ENVIRONMENT UNDER SNOWY HYDRO AGREEMENT

Victorian schools will receive a record funding boost, the State's water rights will be strengthened, and Snowy River flows guaranteed under an agreement reached by the Bracks Government with NSW to sell Snowy Hydro Ltd.

Premier Steve Bracks today announced that Victoria would participate in the sale in exchange for additional rights and protections of environmental flows for rivers and water for irrigation.

"This is a responsible decision to best protect the State's environmental, agricultural and commercial interests as well as delivering a better future for our schools," Mr Bracks said.

Following the decision of the NSW and Commonwealth Governments to sell their combined 71 per cent stake in Snowy Hydro Ltd, the Victorian Government will sell its 29 per cent share worth in excess of \$600 million.

Mr Bracks said under the agreement, NSW and Victoria had re-committed to increasing Snowy River flows to 28 per cent.

He said a new legally binding deed also ensured any changes to water targets or dams which had an impact on Victoria could not take place without the Victorian Government's consent.

In addition, both governments have committed a combined \$60 million of sale proceeds directly into environmental programs - \$50 million to help increase Snowy flows above 21 per cent (post 2012) and \$10 million to accelerate programs to get the best use of existing flows.

The State Government is also calling on the Commonwealth to make a contribution to restoring Snowy River flows.

Mr Bracks announced the remaining sale proceeds would be invested in a once in a generation school building fund – *Building Tomorrow's Schools Today* – to accelerate and transform our school infrastructure.

"This will be the biggest one-off investment in school building projects in the State's history," Mr Bracks said.

Education Minister Lynne Kosky said the fund would modernise and transform our schools for the 21st century.

"Education is the Bracks Government's number one priority. We are committed to an education system where every child gets the opportunity to be their best," she said.

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“The new fund will modernise up to 100 schools, particularly those in disadvantaged areas that were built in the 1950’s and 1960’s.

“It will also deliver a \$50 million boost to schools across the State for maintenance funding, and will invest in quality facilities including science, sport, and higher academic achievement.”

Treasurer John Brumby said the Bracks Government had ensured Victoria’s water rights were secure under a change of ownership in Snowy Hydro.

“It is clear that the best way to protect the State’s environmental, agricultural and commercial interests is for Victoria to participate in the sale,” he said.

Mr Brumby said Victoria had negotiated additional protection for the State’s water rights and environmental flows, including:

- A new tripartite agreement between NSW, Victoria and Snowy Hydro that ensures water targets for irrigation and the environment cannot be changed without Victoria’s consent;
- Greater scrutiny of Snowy Hydro’s water performance with improved levels of information and the ability for Victoria to request an independent audit; and
- Improved protection of vital assets so that the company cannot decommission dams if doing so would interfere with Victoria’s water entitlements.

“This is a level of higher protection than the comprehensive agreements implemented at the time of corporatisation,” he said.

“There will be no change in the ownership of the water in the Snowy Hydro scheme as a result of the sale. The water will remain in public ownership with Snowy Hydro using it to generate electricity under a licence agreement with the NSW Government.”

Mr Brumby said the funding boost to Snowy River flows was in addition to the \$375 million already committed to returning 21 per cent of the water that flowed prior to the construction of the Snowy Scheme.

“This extra funding takes us a step closer to achieving increased flows above 21 cent beyond 2012 through capital works such as improved channelling to cut leakage and evaporation. These will deliver new water savings and will not affect the security of irrigators’ entitlements,” he said.

Mr Brumby said while protection for irrigators and the environment was foremost in the decision to join the sale, Victoria had also secured a responsible commercial outcome for the State.

“This will allow Snowy Hydro to expand its business and remain competitive in the national energy market,” he said.

“It will also ensure that NSW, Victoria and the Commonwealth maximise revenue from the sale of their shares in Snowy and taxpayers receive the full benefit of the float.”

Mr Brumby said having a significant investment in a NSW-based company with national expansion plans did not make sense.

“Victoria’s shares in Snowy Hydro will be re-invested in a once in a generation school building program to the benefit of all Victorians without impacting on water rights or the environment.”