



issues backgrounder

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PRIVATISATION: SOURCES AND MATERIALS

INTRODUCTION

This paper is concerned with the sale of government enterprises to the private sector. A separate *Issues Backgrounder* has recently been published on [public-private partnerships](#). In the 1990s, Federal and State governments (in particular the Victorian Government) sold a number of government enterprises. A 2003 [article](#) by Graeme Hodge contains a brief history of privatisation in Australia in the 1990s as well as a timeline of divestitures by all Australian Governments (see also a Reserve Bank of Australia [bulletin](#) published in 1997). A chronology of enterprise sales by the NSW Government up to the current time is shown in the Table below:

Year of sale	Government enterprise
1989/90	NS Investment Corp
1992/93	Government Insurance Office
1993/94	NSW Grain Corp
1994/95	State Bank of NSW
1996/97	Axiom Funds Management
1997/98	Tab Ltd
2001/02	Freightcorp
2009/10	NSW Lotteries
2010/11	Gentrader transactions
2010/11	WSN Environmental Solutions

In the September 2011 [budget](#), the NSW Government announced its intention to privatise Port Botany through a long term lease. The new Coalition Government is also planning to lease the desalination plant. In addition, the Government is proposing to franchise Sydney Ferries. However, this will involve outsourcing the operation of Sydney Ferries rather than the sale or lease of a Government enterprise/asset (the Government will retain ownership).

The Queensland Government has also pursued privatisation in recent years. In 2007, it sold State-owned electricity and gas retailing businesses and a State-owned gas distribution network. In 2009, the Queensland Government also launched a major [asset sale program](#), which included the sale of QR National (rail freight

business), the sale of a 99-year lease for the Port of Brisbane and the Abbot Point Coal Terminal, and the sale of Forestry Plantations Queensland.

Privatisation has been pursued by different governments for varying reasons but it has always been a controversial issue. The debate is multifaceted and involves ideological viewpoints as well as economic, fiscal and social arguments. King and Pitchford summarise the debate in these very basic terms:

Those in favour of privatisation assert that the profit motive makes private managers more effective than public managers. Those against argue that the lack of social incentives in private firms makes them act against the public interest, and therefore that public ownership is preferred to private.

The theoretical arguments that have been made in favour of, and against, privatisation are now accompanied by some empirical research on the performance of privatised enterprises and the impacts of privatisation.

This backgrounder provides a collection of key sources on the privatisation of government enterprises including books, reports and journal articles from Australia and overseas. It focuses on material published since the mid 1990s and contains only a selection from the vast amount of literature on privatisation. The sources canvass different viewpoints on privatisation and also include a number of empirical studies. All of the sources are either held in the library's collection, on the library's journal articles database, or are publicly available on the internet. Links are provided to the full text of the article/report or to the library's catalogue record.

There are three main parts to the paper:

- The General Debate – Australia and International
- The Energy Sector – Australia and International
- Other Sectors – Australia

THE GENERAL DEBATE – AUSTRALIA

Books, book chapters and reports

W Funnell, R Jupe, J Andrew, *In Government We Trust: Market Failure and the Delusions of Privatisation*, UNSW Press, 2009 (Catalogue [record](#))

P Fairbrother, M Paddon, J Teicher (eds), *Privatisation, globalisation and labour: studies from Australia*, Federation Press, 2002 (Catalogue [record](#))

Parliament of Australia, House of Representatives Standing Committee on Transport and Regional Services, [Background Paper: Economic and Social Impacts of the Privatisation of Regional Infrastructure and Government Business Enterprises in Regional and Rural Australia](#), 2003

G Hodge, '[Privatization: the Australian Experience](#)', in D Parker and D Saal (eds), *International Handbook on Privatization*, Edward Elgar, 2003

M Mead, G Wither (eds), *Privatisation: A review of the Australian experience*, Committee for Economic Development of Australia, 2002 (Catalogue [record](#))

B Walker and B Walker, *Privatisation: sell off or sell out? The Australian Experience*, ABC, 2000 (Catalogue [record](#)). See also this [supplement](#) published in 2008.

See also A Moran, ['The 'R' Files - A Critique of Privatisation: sell off or sell out?'](#) (2000) 52(3) *Institute of Public Affairs Review* 16

Journal articles and papers

J Quiggin, ['Bad politics makes bad policy: the case of Queensland's asset sales program'](#), Australian Public Policy Program Working Paper: P10#1, 2010

M Johnson, ['Privatisation, myopia and the long-run provision of economic infrastructure in Australia'](#), (2008) 19(1) *Economic and Labour Relations Review* 57

C Aulich, J O'Flynn, ['John Howard: the great privatiser?'](#), (2007) 42(2) *Australian Journal of Political Science* 365

J Soon, ['Ownership Matters: Privatisation contributes more to productivity and efficiency than even some liberals think'](#) (2007) 23(2) *Policy* 33

F Collyer, R Wettenhall, J McMaster, ['The privatisation of public enterprises: Australian research findings'](#) (2003) 31 *Just Policy* 14

D Gowland, M Aiken, ['Privatisation – A history and survey of changes in organisation structures, cultural and environmental profiles'](#) (2003) 62(1) *Australian Journal of Public Administration* 43

M Harris, J Lye, ['The fiscal consequences of privatisation: Australian evidence on privatisation by public share float'](#) (2001) 15(3) *International Review of Applied Economics* 305

P Allan, ['The privatisation stakes and New South Wales'](#), (March 2000) *CEDA Bulletin* 53

R Officer, J Quiggin, *Privatisation: efficiency or fallacy? Two perspectives*, Committee for Economic Development of Australia, 1999 (Catalogue [record](#))

S King and R Pitchford, ['Privatization in Australia: Understanding the incentives in public and private firms'](#) (1998) 31(4) *Australian Economic Review* 313

Reserve Bank of Australia, ['Privatisation in Australia'](#), RBA Bulletin, December 1997

J Quiggin, ['Does privatisation pay?'](#) (1995) 2 *Australian Economic Review* 23

S Domberger, ['What does privatisation achieve? – A comment on Quiggin'](#) (1995) 2 *Australian Economic Review* 43

J Quiggin, ['Does privatisation pay? - A reply to Domberger'](#) (1995) 2 *Australian Economic Review* 48

D Moore, ['The case for privatisation'](#), *IPA Backgrounder*, 1995

['Why privatize? Ten arguments against privatization and why they are wrong'](#) (1994) 47(2) *IPA Review* 28

THE GENERAL DEBATE – INTERNATIONAL

Books, book chapters and reports

G Roland, ['Private and public ownership in economic theory'](#), Ch1 in G Roland (ed), *Privatization: successes and failures*, Columbia University Press, 2008

B Bortolotti, V Milella, ['Privatization in Western Europe: Stylized facts, outcomes and open issues'](#), Ch 2 in G Roland (ed), *Privatization: successes and failures*, Columbia University Press, 2008

K Jomo, ['A critical review of the evolving privatization debate'](#), Ch7 in G Roland (ed), *Privatization: successes and failures*, Columbia University Press, 2008

M Tatahi, ['Literature review of public and private ownership: strengths and weaknesses'](#), Ch3 in M Tatahi, *Privatisation performance in major European countries since 1980*, Palgrave Macmillan, 2006

M Tatahi, ['Summary and general conclusions'](#), Ch7 in M Tatahi, *Privatisation performance in major European countries since 1980*, Palgrave Macmillan, 2006

C Robinson, ['Privatization: analysing the benefits'](#), Ch3 in D Parker and D Saal, *International Handbook on Privatization*, Edward Elgar, 2003

J Willner, ['Privatization: a sceptical analysis'](#), Ch4 in D Parker and D Saal, *International Handbook on Privatization*, Edward Elgar, 2003

D Parker, ['Privatization in the European Union'](#), Ch6 in D Parker and D Saal, *International Handbook on Privatization*, Edward Elgar, 2003

A Boardman, C Laurin, A Vining, ['Privatization in North America'](#), Ch7 in D Parker and D Saal, *International Handbook on Privatization*, Edward Elgar, 2003

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M Bishop, J Kay, C Mayer, *Privatization and economic performance*, Oxford University Press, 1994 (Catalogue [record](#))

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W Megginson, J Netter, ['From State to market: A survey of empirical studies on privatization'](#) (2001) 39 *Journal of Economic Literature* 321

B Dollery, B Themeli, ['The impact of privatisation on employment: an empirical note on the international evidence'](#) (1997) 86 *Canberra Bulletin of Public Administration* 101

J Kain, ['International Privatisation Perspectives 1995-96'](#), Background Paper No.3, Commonwealth Parliamentary Library, 1996-97

THE ENERGY SECTOR – AUSTRALIA

Reports – NSW

NSW Parliament, General Purpose Standing Committee No. 1, ['The Gentrader transactions'](#), Final Report, February 2011

NSW Government, ['Response to the Unsworth Consultative Reference Committee Impact Statement'](#), April 2008

B Unsworth, ['Energy Consultative References Committee Impact Statement'](#), Energy Consultative Reference Committee, March 2008

A Owen, ['Inquiry into Electricity Supply in NSW'](#), September 2007

C Riedy and J Daly, *Electricity supply in NSW: alternatives to privatisation*, Institute for Sustainable Futures, 2007 (Catalogue [record](#))

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S Smith, ['Electricity and Privatisation'](#), Briefing Paper, No 17/1997, NSW Parliamentary Library Research, 1997

B Hogg, *Committee of Inquiry into Sale of the NSW Electricity Assets*, 1997 (Catalogue [record](#))

Reports – Other

Australian Energy Users Association, ['Australia's rising electricity prices and declining productivity: the contribution of its electricity distributors'](#), May 2011

Access Economics (for TXU Australia), [Impact on Victoria of the Privatisation of the State's Electricity and Gas Assets](#), 2001

Book chapters, journal articles, and papers

M Abbott, [The impact of energy asset privatisation on state government debt management and service provision in Victoria and NSW](#), (2011) 70(1) *Australian Journal of Public Administration* 94

P Nolan, [Comments on electricity privatisation](#), *AMPLA Yearbook*, October 2010, p231-244

J Greig, [Privatising energy assets: methods used and issues encountered](#), *AMPLA Yearbook*, October 2010, p211-230.

K Jacobs, [Beyond commercial in confidence: accounting for power privatisation in Victoria](#), (2009) 22(8) *Accounting, Auditing & Accountability Journal* 1258

R Lyster, [Electricity privatisation in New South Wales: what are the climate change and broader sustainability implications?](#) (2008) 25(4) *Environmental and Planning Law Journal* 229

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A Moran, [The financial costs and benefits of privatisation](#), Ch9 in G Hodge et al (eds), *Power Progress: An Audit of Australia's Electricity Reform Experiment*, Australian Scholarly Publishing, 2004

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A Stockdale, '[Privatisation of Victorian gas and electricity industries: did we get where we thought we were going](#)', *AMPLA Yearbook 2001*, p154

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J Ernst, '[Public utility privatisation and competition: challenges to equity and the environment](#)', (1997) 9 *Just Policy* 14

THE ENERGY SECTOR – INTERNATIONAL (UK focus)

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D Hall, S Thomas, V Corral, '[Global experience with electricity liberalisation](#)', Public Services International Research, December 2009

D Newberry, '[Electricity liberalization in Britain and the evolution of market design](#)', Ch4 in F Sioshansi and A Pfaffenberger (eds), *Electricity Market Reform: an international perspective*, Elsevier, 2006

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P Domah, M Pollitt '[The restructuring and privatisation of the regional electricity companies in England and Wales: a social cost-benefit analysis](#)' (2001) 22(1) *Fiscal Studies* 107

J Branston, '[A counterfactual price analysis of British electricity privatisation](#)', (2000) 9 *Utilities Policy* 31

D Newbery, M Pollitt, '[The restructuring and privatisation of the UK electricity supply – Was it worth it?](#)' *Public policy for the private sector*, The World Bank Group, September 1997

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M Parker, '[General conclusions and lessons](#)', Ch13 in J Surrey (ed), *The British Electricity Experiment – Privatization: the Record, the Issues, the Lessons*, Earthscan Publications, 1996

OTHER SECTORS – AUSTRALIA

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Michael O'Donnell et al, ['Privatisation and "light handed" regulation: Sydney Airport'](#) (2011) 22 *The Economic and Labour Relations Review* 65

URS Australia, [Assessing the Impact of Airport Privatisation – Final Report](#), Tourism and Transport Forum Australia, 2008

Banks

M McKenzie, M Keneley, ['Privatization and performance: the case of four Australian financial institutions'](#) (2011) 82(3) *Annals of Public and Cooperative Economics* 313

C Currie, ['The value of privatisation: the case of the State Bank of NSW'](#) (March 2001) 20 *Economic Papers* 15

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Parliament of Australia, Senate Environment, Communications, Information Technology and the Arts Committees, [Provisions of the Telstra \(Transition to Full Private Ownership\) Bill 2003](#), Report, October 2003

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Forestry

Parliament of Australia, Senate Rural Affairs and Transport References Committee, [Sale of Timber Assets by the South Australian Government](#), Report, April 2011

ACIL Tasman, *Forestry SA and the South East Region of SA: Assessing the regional impacts of the proposed forward rotation sale of Forestry SA*, April 2011

Freight transport

R Williams, D Greig, I Wallis, [Results of Rail Privatization in Australia and New Zealand](#), The World Bank, Transport Papers, 2005

NSW Parliament, General Purpose Standing Committee No.4, [Privatisation of Freightcorp](#), Final Report, December 2000

Gambling

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NSW Auditor-General, [Sale of the TAB](#), Performance Audit Report, 1998

R Hoye, ['A sure bet: Privatisation of the Victorian TAB'](#), (2005) 5(1) *International Gambling Studies* 85

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Auditor-General Victoria, ['Franchising Melbourne's Train and Tram System'](#), Performance Audit Report No 11, 2005

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M Tull and F Affleck, ['The performance of Western Australian ports'](#), Planning and Transport Research Centre Working Paper, No 15/2007

S Everett and R Robinson, ['Port reform: the Australian experience'](#), (2007) 17 *Research in Transportation Economics* 259

S Everett, ['Supply chain inefficiencies: regulation misdirected? An examination of Queensland's Dalrymple Bay Coal Terminal'](#) (2007) 1(6) *Public Infrastructure Bulletin* 1

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