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:

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

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


**Journal articles and papers**


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


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


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


Journal articles and papers


THE ENERGY SECTOR – AUSTRALIA

Reports – NSW


NSW Government, Response to the Unsworth Consultative Reference Committee Impact Statement, April 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)

NSW Parliament, Legislative Council Select Committee on the Continued Public Ownership of Snowy Hydro Limited, Continued public ownership of Snowy Hydro Limited, October 2006


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**


P Nolan, *Comments on electricity privatisation*, *AMPLA Yearbook*, October 2010, p231-244


J Quiggin, 'Market oriented reform in the Australian electricity industry' (2001) 12(1) Economic and Labour Relations Review 126

A Stockdale, 'Privatisation of Victorian gas and electricity industries: did we get where we thought we were going', AMPLA Yearbook 2001, p.154


THE ENERGY SECTOR – INTERNATIONAL (UK focus)

Book chapters, journal articles, and papers

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


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


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

G MacKerron, J Watson, 'The winners and losers so far', Ch9 in J Surrey (ed), The British Electricity Experiment – Privatization: the Record, the Issues, the Lessons, Earthscan Publications, 1996

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

**Airports**


**Banks**


**Communications**


**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**


**Gambling**


Insuranc

Passenger transport
Institute of Public Affairs, Victoria’s Public Transport: Assessing the results of privatisation, IPA Backgrounder, April 2007

Auditor-General Victoria, Franchising Melbourne’s Train and Tram System, Performance Audit Report No 11, 2005

P Mees, 'Privatization of rail and tram services in Melbourne: what went wrong' (2005) 25(4) Transport Reviews 433

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


Ports
J Reveley, M Tull, 'Privatisation postponed: convergence and divergence in Australian and New Zealand Port Reform', in J Reveley and M Tull (eds), Port Privatisation: The Asia-Pacific Experience, Edward Elgar, 2008, p17


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


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