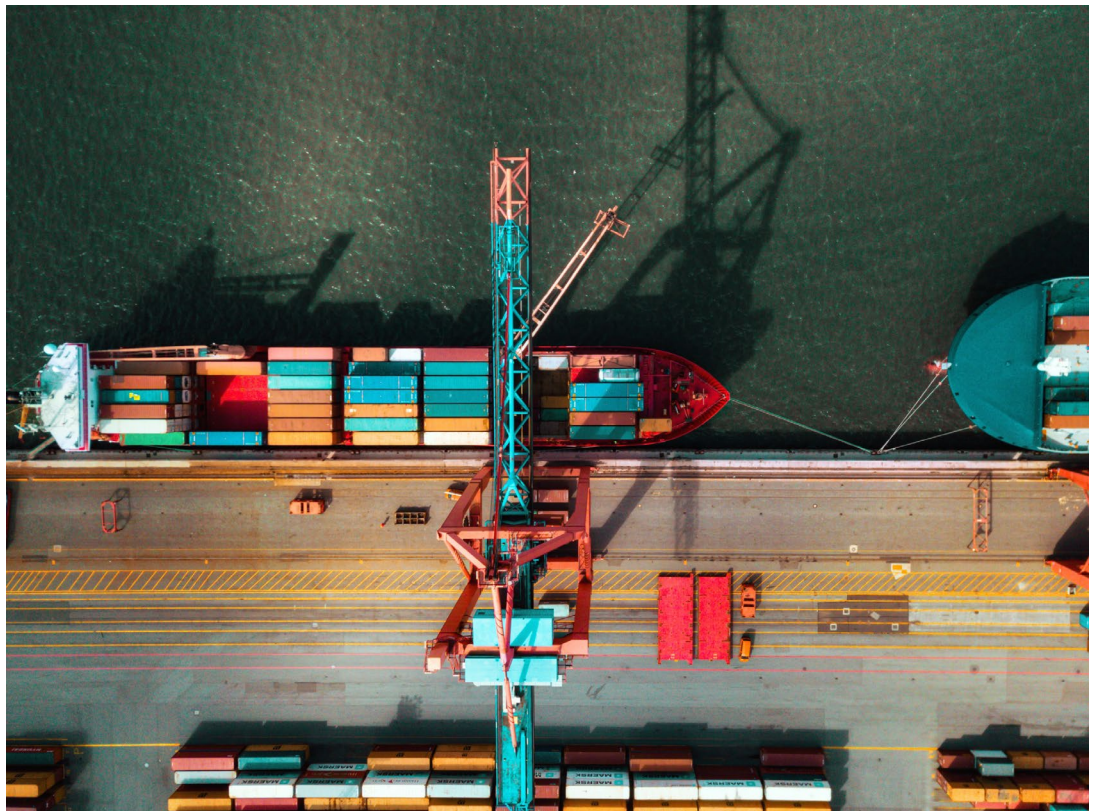


Privatisation in NSW: An update

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1. Introduction

This paper updates a timeline of privatisations that was included in a [paper](#) published by the NSW Parliamentary Research Service in June 2017. That timeline recorded privatisations that had occurred in NSW since the Greiner Government completed its first privatisation with the sale of the NSW Investment Corporation in 1989. It has now been updated to include all privatisations as of December 2023.

Broadly, privatisation generally refers to the full or partial transfer of a government enterprise, property or service to the private sector, or the construction and operation of a public asset under arrangements such as a public private partnership (PPP). This paper does not cover the broad range of potential areas of privatisation and deals only with the privatisation of government enterprises by sale or lease. It excludes PPPs, outsourced public services (such as metropolitan bus services) and the sale of property assets.

2. Privatisation update

2.1 Privatisations since 2017

Three government enterprises have been privatised since 2017:

- Sydney Motorway Corporation (SMC) in 2018
- Property Exchange Australia (PEXA) in 2018
- WestConnex Group in 2021.

The sale of Home Care Services of NSW (Home Care or HCS) was not identified at the time of the 2017 publication and has been added to the updated table.

On 19 February 2016, HCS assets and liabilities were transferred via a vesting order to an implementation company, Australian Home Unity Care Pty Ltd, which had been established by the NSW Government to facilitate the sale of HCS to Australian Unity.¹ This included the transfer of more than 4,000 Home Care staff and over 50,000 clients in NSW.² Australian Unity paid \$114 million to acquire Home Care.³

In August 2018, the NSW Government announced a 51% stake in Sydney Motorway Corporation (SMC) had been sold to Sydney Transport Partners for \$9.26 billion. Proceeds from the sale were earmarked to fund the M4-M5 Link (final stage of WestConnex) and future infrastructure projects, such as schools and hospitals.⁴

In November 2018, the NSW Government agreed to sell its minority interest in online conveyancing firm, Property Exchange Australia (PEXA) to a consortium made up of the Link Group, Commonwealth Bank of Australia and Morgan Stanley Infrastructure.⁵ Total proceeds from the sale in January 2019 was \$105 million.⁶

In October 2021, the NSW Government sold its residual 49% holding in the WestConnex Group to Sydney Transport Partners Consortium.⁷ Proceeds from the \$11.1 billion sale were deposited into the NSW Generations Fund (NGF) as required under section 9(1)(e) of

¹ Family and Community Services (FACS), [2016-17 Annual Report, Volume 2: financial statements for the year ended June 2017](#), NSW Government, 2017, p 12, 116.

² Australian Unity, [Australian Unity completes on acquisition of Home Care NSW: ASX announcement](#) [media release], 19 February 2016.

³ [Budget Estimates 2015-16, Ageing, Disability and Multiculturalism](#), Transcript of Questions on Notice, Supplementary hearing, 9 October 2015, p 5.

⁴ D Perrottet and S Ayres, [Transaction keeps Sydney on the move](#) [media release], NSW Government, 31 August 2018, accessed 28 November 2023.

⁵ NSW Treasury, [NSW Budget 2018-19 half-yearly review](#), p 53.

⁶ Department of Finance, Services and Innovation, [Annual Report 2018-19](#), p 28.

⁷ NSW Treasury, [Report on State Finances 2021-22](#), p 6-60.

the [NSW Generations Funds Act 2018](#). The NGF is a dedicated debt retirement fund and WestConnex Group proceeds were used to retire \$11 billion of debt in 2021–22 and 2022–23.⁸

2.2 Recent developments

Since the WestConnex Group sale in October 2021, privatisation has been the subject of parliamentary debate,⁹ 2 parliamentary inquiries and several pieces of legislation. In November 2021, the NSW Labor Opposition introduced the [Fiscal Responsibility Amendment \(Privatisation Restrictions\) Bill 2021](#). This private members bill sought to amend the [Fiscal Responsibility Act 2012](#) to prevent the sale, disposal or lease of certain state owned assets unless a proposal has been reviewed by a parliamentary committee and approved by both Houses of Parliament. The Bill lapsed in 2022.

Prior to the 2023 election, NSW Labor committed to ending privatisation and announced that it would amend the NSW Constitution to protect public ownership of state assets, starting with Sydney Water and Hunter Water.¹⁰ The [Constitution Amendment \(Sydney Water and Hunter Water\) Bill 2023](#) was introduced by Premier Chris Minns in May 2023 and was passed in June 2023. The Bill inserted a new [Part 10](#) into the *Constitution Act 1902* which provides that a water corporation or main undertaking of a water corporation cannot be sold or otherwise disposed of unless authorised by an Act of Parliament. Part 10 does not prevent a sale or disposal that is in the ordinary course of the business of a water corporation and results in the main undertakings of the water corporation remaining in public ownership. In his second reading speech, the Premier commented that the Bill was not intended to limit or constrain the corporations in their day-to-day operations or from:

...entering commercial arrangements that deliver value for money and improved customer service outcomes in order to fulfil the corporation's statutory functions, providing that it does not involve the sale or disposal of its main undertakings.¹¹

In June 2023, Abigail Boyd, a member of The Greens, introduced the [Fiscal Responsibility Amendment \(Wellbeing Budget\) Bill 2023](#) in the Legislative Council. The bill seeks to amend the [Fiscal Responsibility Act 2012](#) by addition of a section that specifies that the purposes of the objects of the Act include:

⁸ NSW Treasury, [Budget Statement 2022-23: Budget Paper No.1](#), June 2022, p 3-9. See also D Perrottet, [WestConnex sale generates more than \\$11 billion for NSW](#) [media release], NSW Government, 20 September 2021, accessed 28 November 2023.

⁹ See for example – Legislative Assembly, [Asset Privatisation](#), *NSW Hansard*, 12 October 2022; Legislative Assembly, [Asset Privatisation](#), *NSW Hansard*, 9 November 2022; Legislative Assembly, [Asset Privatisation](#), *NSW Hansard*, 19 September 2023; Legislative Assembly, [Asset Privatisation](#), *NSW Hansard*, 21 November 2023.

¹⁰ C Minns, [Labor will amend NSW Constitution to safeguard Sydney Water and Hunter Water](#) [media release], NSW Government, 19 March 2023 (internal users only).

¹¹ C Minns, [Constitution amendment \(Sydney Water and Hunter Water\) Bill 2023](#), *NSW Hansard*, 10 May 2023.

to maintain essential public assets and services under public ownership and control, enabling the State to meet the needs of current and future generations without reliance on the private sector.

As of January 2024, the Bill remains at the Second Reading stage in the Legislative Council.

Following the changes to the Constitution, a Joint Select Committee on [protecting local water utilities from privatisation](#) was established in August 2023. The inquiry is examining how local water utilities and their assets can be protected against privatisation, forced amalgamations and sell-offs. It is also reviewing governance and other legislation relating to the potential privatisation of local water utilities.

In September 2023, a Legislative Assembly Public Accounts Committee inquiry was established to examine [accountability measures for decision-making for the delivery of major infrastructure, contracting of public services and/or the privatisation of public assets by the NSW Government](#). According to the [terms of reference](#), the inquiry will examine topics such as the processes and governance used to support the justification of decisions to privatise and the information considered by decision-makers when making a decision related to privatisation.

In November 2023, Steph Cooke, The Nationals member for Cootamundra, introduced the [Constitution Amendment \(Water NSW and Local Water Utilities\) Bill 2023](#) as a private members bill into the Legislative Assembly. Ms Cooke is also a member of the Joint Select Committee that is holding an inquiry into the protection of local water utilities from privatisation. In her Second Reading speech¹² on 30 November 2023 Ms Cooke criticised the government's 2023 amendment to the Constitution for focusing only on Sydney Water and Hunter Water and for not including protection for regional water assets. The object of the Bill was to amend the *Constitution Act 1902* to ensure continued public ownership of Water NSW and certain local water utilities and their main undertakings. It also sought to prohibit certain water corporations from leasing critical assets or entering agreements or arrangements with non-public entities for the use of critical assets, without the authorisation of an Act of Parliament.¹³ The Bill lapsed in December 2023.

¹² S Cooke, [Constitution amendment \(Water NSW and Local Water Utilities\) Bill 2023](#), *NSW Hansard*, 30 November 2023.

¹³ [Constitution Amendment \(Water NSW and Local Water Utilities\) Bill 2023](#) [Explanatory note].

3. Timeline

The privatisations listed in this timeline were primarily identified through a review of NSW Government Budget papers and Reports on State Finance papers back to 1989. These papers contained details on the privatisations listed here, which are those of most significance in terms of the size of the proceeds received by the Government. In the process of researching the details of these privatisations, several smaller privatisations were discovered that have also been included.

This timeline does not purport to be exhaustive as there may have been other small privatisations that are unreported in the Budget papers and Reports on State Finance papers. This updated timeline omits a privatisation included in the original timeline because it did not involve privatisation of a government enterprise – the monetisation of M7 base rent payables in 2015.

Several different sale figures are sometimes reported for a privatisation. Unless otherwise noted, the figures here are all referred to as either 'gross proceeds' or 'gross consideration' in the relevant NSW Government source. Gross proceeds are reported here as they are the largest sale figures generally reported for a privatisation. Other sale figures reported included 'sale proceeds' and 'net proceeds'. The difference between these figures may be substantial in some cases. For example, the sale of the Port of Newcastle raised \$1,750 million in gross proceeds, \$1,697 million in sale proceeds and \$1,500 million in net proceeds.

Privatised government enterprises

Year	Government enterprise	Transaction	Proceeds
1989	NSW Investment Corporation New South Wales Investment Corporation (Sale) Act 1988	Sale	\$65 million
1990	NSW Egg Corporation Egg Industry (Repeal and Deregulation) Act 1989	Sale	\$18.519 million ¹⁴
1990	Kooragang Coal Loader	Sale of 20% share	\$20.2 million ¹⁵
1990	Newcastle Wharfside Services	Sale	\$18 million ¹⁶
1990	Port Kembla Coal Loader	20-year lease	\$2.50/tonne ¹⁷
1991	No. 6 Jetty, Outer Harbour, Port Kembla	Lease	n/a ¹⁸
1991	Inner Harbour RO/RO Terminal, Port Kembla	Lease	n/a ¹⁸
1991	No. 2 Kooragang Berth, Port of Newcastle	6-year lease	n/a ¹⁸
1991	Berths 3 and 4, Darling Harbour	3-year lease	n/a ¹⁸
1991	Liddell State Mine	Sale	-\$8.374 million ¹⁹
1992	Government Insurance Office (GIO) Government Insurance Office (Privatisation) Act 1991	Sale	\$1.8 billion
1992	First State Computing	Sale	\$11 million ²⁰
1992	NSW Grain Corporation NSW Grain Corporation Holdings Limited Act 1992	Sale	\$90 - \$110 million ²¹

¹⁴ Proceeds from the sale of business and stock before adjustments.

¹⁵ Sale price, which included back dividends of \$1.6 million.

¹⁶ Sale proceeds.

¹⁷ Revenue stream based on a tonnage charge of \$2.50 per tonne during the first year, reducing incrementally to \$2.00 per tonne during subsequent years. In the first year of after being privatised (13 August 1990 to 30 June 1991), the Government received \$31.5 million from the lease. In the first full financial year after privatisation (1991-92), the Government received \$37.6 million from the lease.

¹⁸ In this timeline, n/a has been inserted where a figure was not found in either Annual Reports, Auditor-General Reports, Budget Papers, Reports on State Finances or media releases.

¹⁹ This figure represents the loss on sale of Liddell State Mine. Sale proceeds figure not available in Annual Reports, Auditor-General Reports, Budget Papers, Reports on State Finances or media releases.

²⁰ Purchase price of approximately \$11 million plus any tax compensation achievable.

²¹ The minimum price for the business equates to a net present value of \$90 million, with the maximum price being \$110 million.

Year	Government enterprise	Transaction	Proceeds
1992	Western Basin Berth 3, Port of Newcastle	20-year licence	n/a ¹⁸
1992	Maritime Services Board (MSB) Sydney Ports Authority pilotage service Pilotage (Amendment) Act 1992	3-year lease	n/a ¹⁸
1992	Glebe Island Berths 1 and 2, Sydney Ports	5-year lease	n/a ¹⁸
1992	Berth 7, Darling Harbour	Lease	n/a ¹⁸
1993	MSB Construction and Installation of Signs business	Sale	n/a ¹⁸
1993	MSB Navigation Beacons business	Sale	n/a ¹⁸
1993	MSB Waterfront Construction Services business	Sale	n/a ¹⁸
1994	Government Cleaning Service	Sale	Negligible ²²
1994	School Furniture Complex	Sale	\$5.35 million ²³
1994	Fish Marketing Authority	Sale	\$3 million ²⁴
1994	State Bank of NSW State Bank (Privatisation) Act 1994	Sale	\$567.815 million ²⁵
1995	Gumly Gumly Irrigation District	Ownership and management transferred to local irrigators	Nil ²⁶
1995	Jemalong Wyldes Plains Irrigation Irrigation Corporations Act 1994 No. 41—Proclamation	Ownership and management transferred to local irrigators	Nil ²⁶
1995	Lower Murray Irrigation Areas Irrigation Corporations Act 1994 No. 41—Proclamation	Ownership and management transferred to local irrigators	Nil ²⁶
1995	Murray Irrigation	Ownership and management transferred to local irrigators	Nil ²⁶

²² The sale proceeds for this privatisation were negligible according to Volume 3 of the Auditor-General's Report for 1994. The sale included five-year cleaning contracts, the transfer of all regular cleaners and sale of all equipment to the contractor.

²³ Sale proceeds from sale of plant, equipment and stock to Furniture Australia Pty Ltd.

²⁴ Sale proceeds.

²⁵ Sale proceeds.

²⁶ As described in the Department of Land and Water Conservation Annual Report 1994-95, the irrigation districts and corporations were transferred to irrigator autonomy in order to remove the conflict inherent in the Department of Land and Water being both manager of the water resource and operator of an irrigation area. The irrigation scheme was not made available for sale to private companies.

Year	Government enterprise	Transaction	Proceeds
	<i>Irrigation Corporations Act 1994 No. 41—Proclamation</i>		
1996	Hay Irrigation District	Ownership and management transferred to local irrigators	Nil ²⁶
1996	Axiom Funds Management <i>Superannuation (Axiom Funds Management Corporation) Act 1996</i>	Sale	\$215 million ²⁷
1997	Sydney Market Authority <i>Sydney Market Authority (Dissolution) Act 1997</i>	Sale	\$0.626 million ²⁸
1998	TAB <i>Totalizator Agency Board Privatisation Act 1997</i>	Sale	\$1.017 billion
1999	Murrumbidgee Irrigation <i>Irrigation Corporations Amendment Act 1998</i> ²⁹	Ownership and management transferred to local irrigators	Nil ²⁶
2000	Coleambally Irrigation <i>Irrigation Corporations Amendment Act 1998</i> ²⁹	Ownership and management transferred to local irrigators	Nil ²⁶
2002	FreightCorp <i>Freight Rail Corporation (Sale) Act 2001</i>	Sale	\$669 million ³⁰
2002	Integral Energy Gas	Sale	\$2.1 million ³¹
2002	Powercoal	Sale	\$323.6 million ³²
2003	Pacific Power (International)	Sale	n/a ¹⁸
2004	Plug & Power (Pacific Solar business)	Sale	n/a ¹⁸
2004	Pacific Solar low-cost solar cell technology business	Sale	n/a ¹⁸

²⁷ Sale proceeds.

²⁸ Sale proceeds.

²⁹ This Act authorised a proclamation to be made under section 27 of the *Irrigation Corporations Act 1994* designating Coleambally Irrigation Limited as a class 2 irrigation corporation and Murrumbidgee Irrigation Limited as a class 2 irrigation corporation. A class 2 irrigation corporation is a company whose shares are held by private irrigators.

³⁰ Figure includes proceeds from the sale of FreightCorp operations (\$608m) and National Rail Corporation shares (\$61m).

³¹ Sale proceeds.

³² Sale proceeds.

Year	Government enterprise	Transaction	Proceeds
2005	Qstores and cmSolutions	Sale	\$38 million ³³
2006	Emmlink (Country Energy)	Sale	\$85 million ³⁴
2007	Energy Australia	Sale	\$207 million ³⁵
2010	NSW Lotteries NSW Lotteries (Authorised Transaction) Act 2009	Sale	\$1.008 billion
2010	Country Energy Gas	Sale	\$107.642 million
2011	WSN Environmental Solutions Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010	Sale	\$234 million ³⁶
2011	Country Energy retail business (Gentrader transaction)	Sale	\$1.3 billion
2011	Energy Australia retail business (Gentrader transaction)	Sale	\$1.48 billion
2011	Integral Energy retail business (Gentrader transaction)	Sale	\$1 billion
2012	Sydney Desalination Plant Water Industry Competition Amendment Act 2011	100% lease for 50 years	\$2.3 billion
2013	Port Botany Ports Assets (Authorised Transactions) Act 2012	100% lease for 99 years	\$4.31 billion
2013	Port Kembla Ports Assets (Authorised Transactions) Act 2012	100% lease for 99 years	\$760 million
2013	Eraring Energy Electricity Generator Assets (Authorised Transactions) Act 2012	Sale	\$657 million
2013	Mt Piper and Wallerawang Power Stations (Delta West) Electricity Generator Assets (Authorised Transactions) Act 2012	Sale	\$475 million

³³ Sale proceeds.

³⁴ Figure represents \$85m in cash received for disposal of a business unit.

³⁵ Sale proceeds.

³⁶ Sale proceeds.

Year	Government enterprise	Transaction	Proceeds
2014	Port of Newcastle Ports Assets (Authorised Transactions) Amendment Act 2013	100% lease for 98 years	\$1.75 billion
2014	Green State Power Electricity Generator Assets (Authorised Transactions) Act 2012	Sale	\$72 million
2014	Bayswater and Liddell Power Stations (Macquarie Generation) ³⁷ Electricity Generator Assets (Authorised Transactions) Act 2012	Sale	\$1.505 billion
2014	Hunter Water Australia	Sale	\$6.816 million ³⁸
2014	Colongra Power Station Electricity Generator Assets (Authorised Transactions) Act 2012	Sale	\$233 million
2015	Vales Point Power Station Electricity Generator Assets (Authorised Transactions) Act 2012	Sale	\$21.3 million
2015	Transgrid Electricity Network Assets (Authorised Transactions) Act 2015 Electricity Retained Interest Corporations Act 2015	100% lease for 99 years	\$10.273 billion
2015	Kooragang Island Advanced Water Treatment Plant	Sale ³⁹	\$35.5 million
2016	Home Care ⁴⁰	Sale	\$114 million
2016	Brown Mountain Hydro Power Station and Cochrane Dam	Sale	\$4.5 million
2016	AusGrid Electricity Network Assets (Authorised Transactions) Act 2015	50.4% lease for 99 years	\$16.2 billion

³⁷ This sale included assets formerly held by Macquarie Generation, including the Bayswater and Liddell coal-fired power stations.

³⁸ Sale proceeds. Note that Hunter Water Australia Pty Ltd was an engineering consultancy subsidiary of Hunter Water Corporation. Hunter Water Corporation remains a state-owned corporation.

³⁹ Contracted for sale on 18 December 2015.

⁴⁰ The sale of Home Care NSW was not included in the NSW Budget Papers or Reports on State Finances. For this reason, this privatisation was not identified during the writing of [Privatisation in NSW: a timeline and key sources, 2017](#).

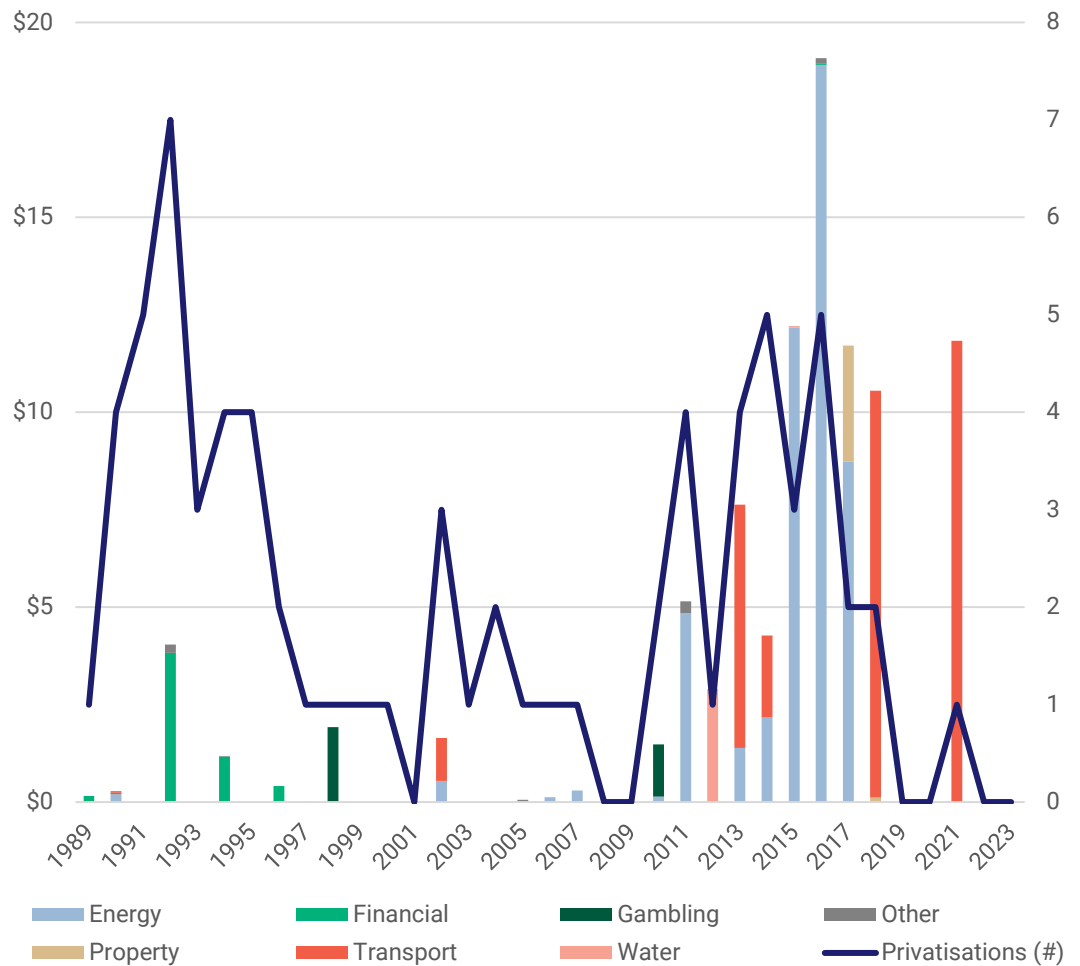
Year	Government enterprise	Transaction	Proceeds
	<i>Electricity Retained Interest Corporations Act 2015</i>		
2016	Construction Services Group, NSW Public Works	Sale	-\$0.805 million ⁴¹
2016	Pillar Superannuation Administration <i>Superannuation Administration Corporation (Pillar) (Authorised Transaction) Act 2016</i>	Sale	\$35 million
2017	Land and Property Information (LPI): Titling and registry business <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	35-year lease	\$2.6 billion
2017	Endeavour Energy <i>Electricity Network Assets (Authorised Transactions) Act 2015</i> <i>Electricity Retained Interest Corporations Act 2015</i>	50.4% lease for 99 years	\$7.624 billion
2018	Sydney Motorway Corporation (SMC)	51% sale	\$9.29 billion ⁴²
2018	Property Exchange Australia (PEXA)	Sale of minority interest (shares)	\$105 million
2021	WestConnex Group	Sale of remaining 49% holding	\$11.1 billion

⁴¹ Figure represents net cost to the Department of Finance, Services and Innovation. Sale proceeds figure not available in Annual Reports, Auditor-General Reports, Budget Papers, Reports on State Finances or media releases.

⁴² Total cash proceeds. The net gain on the sale was \$13,225 million ([*Report on State Finances 2018-19, p 7-37*](#)).

Figure 1 shows the number of privatisations that occurred each year between 1989 and 2023, and the proceeds by sector and year adjusted for inflation (2022 dollars). For example, in 2014 proceeds from energy-sector privatisations totalled \$2.17 billion, proceeds from transport-sector privatisations totalled \$2.10 billion and proceeds from water-sector privatisations totalled \$0.01 billion.

Figure 1: Privatisations in NSW 1989–2023, proceeds and numbers (\$b) (2022 dollars)



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The Parliament of New South Wales acknowledges and respects the traditional lands of all Aboriginal people and pays respects to all Elders past and present. We acknowledge the Gadigal people as the traditional custodians of the land on which the Parliament of New South Wales stands.

This image comes from 'Our Colours of Country', which was created for the Parliament of NSW by Wallula Bethell (Munro) a Gumbaynggirr/Gamilaroi artist born and raised in Tamworth who has spent time living on Dughutti Country and currently living in Western Sydney on Darug Country with her husband and son.

