

# Fact Sheet: Privatisation

## A threat to jobs and regional communities

Just two weeks before the 2009 Budget, the State Labor Government announced plans to privatise Queensland's rail freight networks, ports, roads and motorways and forestry reserves.

Premier Anna Bligh claimed on 2 June that Queensland needed to sell off public assets to regain its AAA credit rating with international financiers. She claimed a five-year sell-off plan would deliver almost \$30 billion to the State.

This is a short-sighted plan. These assets are income-generating and should continue to operate in the interests of the people of Queensland. Up to 10,000 jobs are under threat from this decision with workers facing threats to their job security, wages and entitlements - especially in regional Queensland where Queensland Rail provides stable employment for thousands of workers. Specific assets identified for privatisation include:

- Queensland Rail's coal and freight infrastructure throughout Queensland
- the Abbot Point Coal Terminal near Bowen
- the Port of Brisbane
- Queensland Motorways Limited - the Gateway Motorway and the Logan Motorway
- Forestry Plantations Queensland, with operations in Atherton, Hinchinbrook, Rockhampton, Bundaberg, Maryborough, Gympie, Esk, Crows Nest and Warwick.

## It doesn't make sense

Here's a snapshot of what the government will be giving up in annual revenue:

- Queensland Rail: generates over \$3.5 billion
- Port of Brisbane: operating profit of almost \$500 million in 2007/08
- Queensland Motorways: in 2007/08 there was a 13% increase in toll revenue taking profits to \$161 million AND an 11% increase in net operating cash flows taking profits to \$60m
- Forestry Plantations Queensland: achieved a \$29.6 million trading surplus in 2007/08

## Privatisation: a poor track record

Privatisation of government assets has a poor track record in Australia and overseas.

- Privatisation has had a disastrous affect on Victoria's rail network (particularly in country Victoria) where track standards have gone backwards and National Express collapsed requiring both V-line and country infrastructure to be acquired by the Victoria Government. In the meantime, the people of Victoria have had to pump money into the system to bring it back to scratch.
- Sale of Telstra led to loss of profits to the public and loss in service standards.
- In 2007 the New Zealand Government recently bought back its rail network for \$1 after a privatisation in the early 1980s. As a Kiwi academic said: "The selling off of our public rail system in the early 1990s and the running down of the asset afterward has been a painful lesson for New Zealand".

### A second opinion

THE Queensland Government will struggle to get the \$15 billion it wants for the five port, road and rail assets it put up for sale yesterday, because of a lack of buyers and a massive devaluation of infrastructure in the past two years. – *The Australian*, 3 June 2009

Experience shows around the world that when governments act in this way, that really often bad decisions are mad. – *Economic policy professor at Curtin University Peter Kenyon, on ABC Radio 3 June 2009.*

".. getting a proper price for an asset depends on the appetite in the market. And it doesn't look like a good time at present." – *Professor John Quiggin, The Courier-Mail, 30 May 2009.*