

# It's all got to go: NSW to sell off its assets

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**Fair game:**  
Trains, far left,  
ferries, left,  
and public  
housing,  
right, are all  
in line to be  
sold off to the  
private sector



By political writer  
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WHEN former Victorian premier Jeff Kennett moved to privatise the state's electricity sector, the public went into meltdown.

Unions warned of price gouging, his political opponents spoke of mass job losses, while the public simply wondered if they would be left sitting in the dark.

Around a decade later, former NSW auditor-general Tony Harris notes that Kennett's critics are silent.

"I think you'll find that while the private purchase price was probably too high, the prices to consumers are still cheaper than those in NSW," he said.

Over the border, a revolt is taking place, with the NSW union movement preparing to launch its anti-privatisation campaign.

Although the Iemma Government has yet to confirm it is to privatise anything, the energy retail sector and the ailing Sydney Ferries Corporation are on the watchlist.

Two inquiries are underway into both sectors, with unions placing bets on an announcement before the end of the year.

While the cost of the Sydney Ferries Corporation is unknown, the sale of the retail electricity

providers is estimated to secure the Government a windfall of between \$2 billion and \$3 billion.

There is widespread speculation NSW Treasury also wants to offload rail maintenance and the publicly-owned WSN Environment Solutions waste service.

At the same time, the Federal Government has sought expressions of interest over the possible plans to privatise public housing.

So if it worked in Victoria, why is privatisation such a dirty word?

According to Peter Saunders, a social research director at the Centre for Independent Studies, you can blame Margaret Thatcher. The former British prime minister arguably led the way for governments who had never considered that public sectors could be put up for sale.

While Thatcher may have succeeded in the area of water, Mr Saunders says it was her disasters that many remember.

"The one that didn't work was the privatisation of the railways," he said. "What they did was try to inject competition by having a single company run the track and stations and try to get competing companies run the rolling stock."

"For the first few years, it was a complete mess."

"After privatisation, if you wanted to travel to the south or

north of England, you dealt with two or three rail companies.

"Ticket prices and timetables were all over the place."

While Thatcher may have botched rail, the privatisation of water was judged a success.

The sale involved 10 regions across England and resulted in improvements in water quality and delivery. "Privatisation does not always work — it's a case of horses for courses," Mr Saunders said. "The closer you get to a monopoly, the more careful you have to be. When it does work, it allows the government to do its

regulating job much better. It can set standards and even regulate the price.

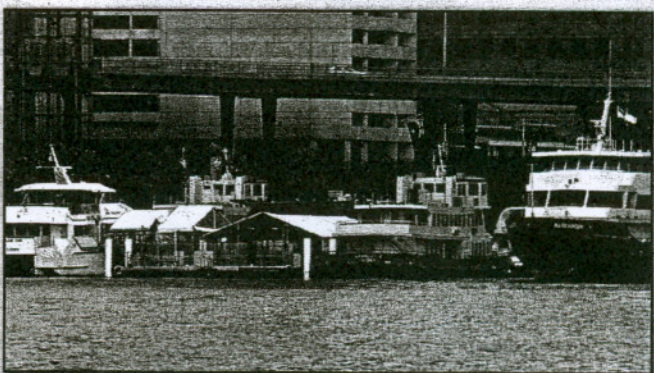
"In England, there is no doubt in my mind that water quality improved after privatisation."

Closer to home, the shambles that was the Cross City Tunnel is repeatedly cited by those opposed to privatisation as to why the State Government should keep the private sector out.

Costing close to \$1 billion to build, the tunnel was this year sold for nearly \$700 million after falling into receivership.

Stretching under Sydney's cen-





tral business district, the idea of a 2.1 km tunnel drummed up by the private sector and put to the government seemed like a winner.

However, motorists thought otherwise, with the thoroughfare drawing only 35,000 vehicles a day — almost one-third of the 90,000 that were anticipated.

High tolls and associated road closures designed to “funnel” motorists into the tunnel were to blame.

But despite the Iemma Government easing the funnelling measures, the roadway remains the least-used tollway in Sydney.

Ken Dobinson, a transport and

city planning consultant for Sydney University's Warren Centre and a former director of the Roads and Traffic Authority, says governments should stay away from isolated projects dreamed up by the private sector.

However, buses and trains were fair game. “If the private sector was running our buses and our railways, things might get done a bit more efficiently,” he said.

“In terms of private infrastructure projects, they should not just be coming up with isolated projects such as the Cross City Tunnel — there are too many risks.”

In the case of Sydney Ferries, the latest operational performance figures show complaints about its services to be soaring.

In May, there were 255 complaints and another 202 in June — four times above the average.

In a paper released in July, Bret Walker, SC, the head of the Special Commission of Inquiry into Sydney Ferries, cited the 40 per cent private sector share in Sydney's bus services as an example of how to rescue the troubled ferry service.

His appointment followed the deaths of five people in two ferry

accidents in January and March.

Mr Walker's final report, due out in October, is expected to recommend privatisation.

Despite the state subsidising the ageing fleet by almost \$50 million in 2005-06, patronage on major routes has plummeted.

In 2005-06, Sydney Ferries lost \$3.5 million. In his paper, Mr Walker noted over half the organisation's expenses were in wages.

But ferry users are worried.

Meetings have been held at Manly, where commuters have raised concerns about routes being axed and rising prices.

The same can be said about talks to sell WSN — an organisation that provides waste disposal services to councils and businesses. If the State Government proceeds with a sale, it could expect to reap up to \$300 million.

Again, opponents warn the move would result in increased garbage and council rates.

But NSW Business Chamber chief executive officer Kevin MacDonald says privatisation is the only means of fixing the state's ageing services.

The North West Rail link, the investment in new buses and building missing link roads such as the M4 East could all be fast-tracked if the waste services and the retail electricity companies were sold.

Mr MacDonald said the Government should also examine privatising NSW Lotteries and State Forests, with the millions of dollars raised put into a multi-billion infrastructure fund.

He said the fund should be used to invest in key infrastructure such as water, roads, public transport and port upgrades.

In the area of public housing, the NSW Urban Taskforce argues privatisation will result in a better deal for both tenants and the State Government.

In NSW, public housing is notori-

ously rundown and under-utilised.

A report by the NSW Auditor General found the state was grappling with a \$600 million public housing maintenance backlog.

NSW Urban Taskforce chief executive officer Aaron Gault said privatising the sector would free up billions of dollars.

“The State Government is sitting on around \$30 billion worth of property, which is underutilised and rundown,” he said. “With a bit of innovation, it could be redeveloped.”

“A bit of private sector enterprise and we could have new social housing. It would also open up opportunity to get rid of ghettos and create a better mix of housing across a broader area.”

Mr Harris, who witnessed a squabble over the privatisation of electricity in Victoria, said it was up to the government to ensure appropriate laws and regulations were in place.

“Under the Kennett government, after the trams and trams were franchised out, the public response was that they got better,” he said.

“Thatcher may have led the way with privatisation, but it also showed us how not to do it.”

“[But] if done correctly, it could result in remarkable improvements and efficiencies.”