



Committee Secretary
Senate Standing Committee on Economics
PO Box 6100 Parliament House
Canberra ACT Australia 2600

Via Email: economics.sen@aph.gov.au

6 February 2015

Submission to the inquiry into the privatisation of state and territory assets and new infrastructure

Dear Committee Secretary

Thank you for agreeing an extension of deadline that allowed us to finalise this submission.

United Voice is a union of 120,000 workers organising to win better jobs, stronger communities, a fairer society and a sustainable future. Our members include some of the lowest paid workers in industries like aged care, health care, early childhood education and care, cleaning, hospitality, security, school education and manufacturing. Northern Territory (NT) Branch of United Voice also encompasses Fire and Ambulance workers as well as Prison Officers. NT Branch has around 3,000 members and is the Territory's oldest and largest union.

Our union welcomes the opportunity to make a submission to the Senate Select Committee Inquiry on this matter based on the experiences, concerns and views of Northern Territory members. If there are public hearings of the Senate Standing Committee on this matter in Darwin, we are keen to participate.

There is strong evidence both internationally and within Australia that privatisation and is not in the interest of the public. United Voice members also support the view that privatisation is not in their interest. A national survey of United Voice members was published in 2014 with over 24,000 participants and opposition to privatisation was a clear theme running through responses to questions put. Examples include:

"I'd stop privatising things. I think it's a short term solution to a long term problem. It ends up costing us more for essential services at the end of the day."- Paula (Pathology Services)

"Stop selling land and business to people of overseas. We're going to have nothing left to earn income off, so next the government is going to have to increase all our tax so that they still get money."- William (Security)

Sales of publically owned assets are promoted as a way to reduce debt and use the proceeds to build needed infrastructure. Often however, this promise for more infrastructure spending is more in the promise than

the reality. Economist [John Quiggin](#) ¹ has noted that increased infrastructure spending did not occur during Bligh government in Queensland despite nearly \$10bn in sales of government-owned assets.

The argument of an improved budget position relies on the view that the proceeds from the sale exceed the [net present value](#) ² of proceeds that would have produced through annual dividends to the government. Because if this were not the case, the government would merely be forgoing future revenue to get money now, but in the long run be no better off.

In the NT the current Country Liberal Government has no electoral mandate to privatise yet has sold the Territory Insurance Office (TIO),³ to Allianz for \$424 million and People's Choice Credit Union in November 2014.⁴ This was despite Country Liberal Party's previous opposition to sale of TIO and widespread public descent and criticism.

United Voice NT notes the inherent difficulty in combining the sale of public assets with sufficient safeguards to ensure privatisations result in the best outcome for the public. Previous experience of privatisations is that safeguards are often removed after a fixed period or prove to be ineffective. We note that conditions of sale for TIO will expire after three years.⁵

In May 2014, NT Government separated the Power and Water Corporation into three entities: Jacana Energy, Power and Water Corporation and Territory Generation. ⁶

The stated aim is structural separation and the creation of a contestable market. United Voice NT fear these changes are steps toward a privatisation of electricity assets. We also note a significant increase in profit (\$41 million) on the previous year.⁷

There is speculation that the Darwin Port Corporation is also earmarked for sale.⁸

United Voice is concerned other areas are either being prepared or considered for sale. These include but are not limited to, NT public hospitals and NT prisons. Both these areas are community services and also public assets in terms of the land on which they sit and the equipment and infrastructure they contain.

In conclusion:

- United Voice NT does not accept the argument that governments cannot manage assets efficiently, or that the private sector is somehow more efficient.
- United Voice NT does believe all Governments have a moral obligation to seek electoral mandate for privatisation. Increasingly it seems political parties do not accept this therefore, consideration should be made for legislation to enforce formal consultation with the owner, the electorate.
- United Voice NT believes there must be full, rigorous and transparent cost-benefit analysis for every muted privatisation of public assets. Consideration of a full range of options around models of investment and models ownership should take place from a long-term perspective.

Yours faithfully

ERINA EARLY
ACTING BRANCH SECRETARY

- 1 <http://johnquiggin.com/2013/03/06/electricity-privatisation-in-queensland/>
- 2 http://en.wikipedia.org/wiki/Net_present_value
- 3 <http://www.abc.net.au/news/2014-10-06/tio-sale-to-be-put-to-nt-cabinet/5793226>
- 4 <http://www.abc.net.au/news/2014-11-24/nt-government-confirms-424m-tiosale/5912838>
- 5 <http://www.abc.net.au/news/2014-11-24/nt-government-confirms-424m-tiosale/5912838>
- 2 <http://www.abc.net.au/news/2013-08-12/treasurer-denies-moves-to-privatise-power-and-water/4880448>
- 6 http://www.powerwater.com.au/about_power_and_water/structural_separation_of_power_and_water
- 7 <http://www.abc.net.au/news/2014-02-14/power-water-profit-report-will-not-change-separation-plans-dave/5260670>
- 8 <http://www.ntnews.com.au/news/northern-territory/territory-government-wants-to-privatise-darwin-port-corporation-and-sell-tio/story-fnk0b1zt-1227079907141>