



**COUNTRY WOMEN'S ASSOCIATION OF NEW SOUTH WALES**

**SUBMISSION TO**

**HOUSE OF REPRESENTATIVES  
TRANSPORT AND REGIONAL SERVICES COMMITTEE**

**INQUIRY INTO PRIVATISATION OF REGIONAL INFRASTRUCTURE AND  
GOVERNMENT BUSINESS ENTERPRISES IN REGIONAL AND RURAL  
AUSTRALIA**

TO: Committee Secretary,  
Transport & Regional Services Committee,  
House of Representatives  
Parliament House,  
CANBERRA ACT 2600

Email: [Trs.Reps@aph.gov.au](mailto:Trs.Reps@aph.gov.au)

FROM: Mr. Colin Coakley,  
General Manager,  
Country Women's Association of NSW,  
P.O. Box 15,  
POTTS POINT NSW 1335

[personalassistant@cwaofnsw.org.au](mailto:personalassistant@cwaofnsw.org.au)

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Our Association agrees with the author(s) of the Background Paper on this Inquiry that Privatisation has proven to have both positive and negative ramifications for the people of regional and rural Australia. We do not consider that these outcomes are equal, though; rather that most outcomes have had negative consequences. With the general loss of jobs that has accompanied most of the transfers from the public to the private domain and with the commitment to communities in particular and Australia in general being replaced with commitment to shareholders, rightly or wrongly most country dwellers blame privatization for contributing to the feeling that the bush no longer counts as a power.

Some of our concerns with privatization are: loss of jobs, especially local jobs, with the ripple effects of population loss and its consequent loss of services (educational, health, variety of shopping, to name only three); lack of commitment to the local populace and those affected communities losing a localized service, usually with employees who KNEW the geography and its people; lack of responsibility to local communities as responsibility to shareholders becomes the driving force; withdrawal of services that often gave a community its identity; responsibility to global corporations and their shareholders – and executives – rather than to the taxpayer and to Australia; the loss of assets which in the long term will prove a costly divestment for the taxpayer.

The arguments generally put forward in favour of privatization include the more efficient and therefore competitive running of enterprises; the ability of governments to use proceeds to retire debt; the need for major investment if industries, for example, are to be brought up to speed (though this reason often leads to a fire sale rather than a profitable price); updating a tired utility, including the ability to offload “dead wood” on staff; innovation; sometimes increased productivity.

As we read through the Background Paper accompanying this inquiry, we could not help noting time after time that the negative outcomes were concentrated very heavily on the loss of jobs and the effect of this not only on the individual employee but on whole communities and even regions. The very recent survey released on Poverty in Australia pointed out the poorest regions, due most often to lack of employment opportunities. The positives nominated nearly all come back to what we have come to accept as the “bottom line”, arguments based on economic rationalism. Is it not time our leaders occasionally even peeped ABOVE the “bottom line”?

Particular areas of concern for our Committee members include transport, education, forestry, Telstra, power and water, unemployment services. One of the less illustrious decisions of government has been to privatize government services. When the Federal Government’s Finance Ministry under John Fahey, for example, decided that its computer work would be privatized, many of those who lost their jobs as public servants suddenly found themselves hired as “consultants” at highly inflated salaries. From memory, the blow out in costs ran to millions. Again, the transfer of unemployment services to private providers is still not running smoothly, after years of subsidization. The Background Paper has a summary of aspects of public utilities that have been sold off; not all have been unmitigated success stories even for the vendor.

There have been some success stories in the field of Transport. When the NSW Government decided to downsize country railways, the Junee Roundhouse, the biggest roundhouse in the Southern Hemisphere, was set for mothballing. Austrac and the local Shire Council came to its rescue, providing jobs and continuing Junee’s identity as a railway town. It remains to be seen if the Werris Creek response to the shutting down of that town as a railway icon is as successful. On the other hand, no one seems happy with the private companies’ performance as maintainers of safe rail track systems, yet in more rural/remote parts of the Western region of NSW, farmers are unhappy that State Rail has allowed track maintenance to disappear almost. The recent Parry Report in NSW, recommending a user-pay outcome for train services and the replacement of trains with private coaches has roused much angst. The Premier received a hostile reception at the opening of the Annual Shires Association Conference in Albury on 10th November this year as a result of this transport report. People, especially country people, do not want to lose their only form of public transport.

Road building seems to have been increasingly transferred into private hands. As a result of the NCP local councils could not go ahead with their own crews and gear if someone else could do the job more economically. How do you measure social capital though? There has to be more to government decision making than the economic or financial argument. How are the human and social effects measured of decisions based solely on financial considerations? Removing jobs from local councils was probably not an intended outcome of the NCP, but it has been one of the real, tangible effects.

In Sydney, the letting of contracts for road building has resulted in huge subsidies for those private companies and conditions for the company to recoup its outlay have led to charges of ineptitude, unfairness and the whiff of corruption. It makes no difference which major party is in power; both hand over taxpayers' assets as though Monopoly not life were the game. Tolls are increased; subsidies increased; the taxpayer pays; and the public transport system falls ever further behind.

In John Anderson's Auslink proposal, he pointed out the benefits he hoped would accrue from a National Land Transport Plan that saw partnerships of private and public enterprise. In our submission to that proposal, we pointed out that TRANSPARENCY of contracts was absolutely essential. It would appear that it is just this characteristic that is missing from so many of these government partnerships at all levels of government. Completely in the dark, the taxpayer is expected to support any plans in the name of economic efficiency. How can there be fairness when a transport company controls ports (with government intervention), some rail systems and a deal of road transport?

We do not propose to make further comment on the privatization of our telecommunications than to reiterate our opposition to it. Our thoughts can be seen in a number of submissions made to government on this issue.

There is the possibility (probability?) that NSW State Forests are on the endangered public ownership list. Country people in communities which take a large part of their identity and most of their employment from these are worried about this prospect. The most obvious outcome will be loss of jobs and its attendant ramifications for the individual, the community and the region. Road networks within them, including those used for fire fighting access, will be lost to the locals. Will there be rigid and legislated provisions for fire control? One can only ask if the control of feral animals and weeds within them will fall to the shire or the various corporations. Often a whole shire's wealth is tied up in a resource such as the forests. What happens to that once the forest is lost to private ownership? A concern is that of those who appear to have shown interest in buying this resource are overseas based. For some reason, Australia appears happy to divest itself of its natural and man made assets to overseas conglomerates who have no commitment beyond profit to this country. The US based company Hancock already owns Victoria's forests.

Once an asset has been let go, its reclaiming is really not an option. Yet governments of all persuasions and at all levels in Australia seem anxious to sell off our utilities and natural assets. The short term gain seems to be the motivation, unless it is simply that political leaders are not prepared to put in the hard work to keep our assets in top condition. There is not much left at the national level to sell. We have made an art of not keeping our long term investments. Perhaps the doctrine of economic rationalism is to blame; perhaps just plain laziness in not being willing to keep our resources in our own hands; perhaps it is simply that economic arguments for so many of our politicians carry far greater weight than national or community ones. While we are happy to acknowledge that there is some benefit in some areas of privatization, we are opposed to the wholesale divestment of our heritage and the basis of our country's future. We also see first hand the damage done to country communities by politicians who place economic pragmatism and short term thinking before the value of rural life and the contribution it has made and wants to continue to make to the wealth, financial, social and spiritual, of Australia.