Australia: Queensland government launches rail sell-off

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Despite overwhelming public opposition, the Labor government in the Australian state of Queensland is pressing ahead with the privatisation of QR National, the state-owned rail freight business. Treasurer Andrew Fraser launched the pre-registration stage of the sell-off last week, declaring it to be "a rare, if not unique opportunity" for ordinary people "to share in the fortunes of the world's biggest hauler of coal".

The QR National sale, which is expected to raise at least $A5 billion, is the centrepiece of privatisation plans announced by Premier Anna Bligh in June 2009—just three months after a state election in which the issue was not mentioned. Other assets to be sold include Queensland Motorways, the Port of Brisbane, the Abbott Point coal terminal and Forestry Plantations Queensland, which, together with QR, are valued at around $30 billion.

Fraser's remarks are part of a campaign of deception designed to blunt public criticism of the sale. In place of a complete privatisation, the government is now planning to retain between 25 to 40 percent of shares. It has also announced that port and road assets would not be sold outright but would be leased for 99 years, hoping thereby to create the illusion that public ownership has been retained.

Various incentives have also been offered to "mom and dad investors" who take part in the pre-registration process. They will pay no more than a specified maximum price per share, with no brokerage fees, and will be awarded loyalty bonus points for holding onto the shares for a specified time. Queensland residents will be given a "priority allocation", while rail workers have each been offered a free $1,000 share allocation.

The Queensland government is going all out to push the sale. It has appointed five merchant banks as joint lead managers—Credit Suisse, Goldman Sachs, Merrill Lynch, RBS and UB—all of which will rake in lucrative fees. Prior to the pre-registration launch, it spent $15 million on a marketing campaign "to lift the awareness of the brand nationally".

The government's attempts to dress up the sale followed opinion polls earlier this year showing that 80 percent of Queenslanders, including more than 90 percent in regional areas, opposed the rail privatisation. Hostility to the sell-off and to the Bligh government was one factor in the slump in support for the Labor Party in Queensland during the national election on August 22. Across the state, the Labor vote plunged by 9 percent, almost twice the national average of 4.9. The decline was even larger in working class electorates.

The trade unions have been crucial to containing the opposition among workers and the broader public to the sell-off through a limited campaign of advertising, protests and one-off stoppages. Even as the privatisation was proceeding, the rail unions negotiated 13 new enterprise work agreements across QR National. A union-brokered deal effectively accepted the sale by including a $4,000 sign-on payment and an employment guarantee after privatisation of just over three years—up from the previous two.

The unions are well aware that workers understand that the government's overall privatisation plan threatens up to 10,000 jobs across Queensland. Previous privatisations including Qantas, the Commonwealth Bank of Australia and Telstra have all resulted in massive job cuts and the wholesale tearing up of conditions. With this in mind, the unions grabbed at that the so-called job security guarantee to stave off calls for strikes by rail workers.

In response to the latest pre-registration announcement, the unions have taken no action. Electrical Trades Union (ETU) state secretary Peter Simpson warned potential shareholders to take continuing unrest into account in making their decisions. He declared that there would be more rallies and more anti-privatisation ads—in other words, a continuation of a campaign designed to simply let off steam. Rail, Tram and Bus Union secretary Owen Doogan echoed the criticisms of the conservative opposition Liberal National Party, saying the privatisation should not take place because “the market is not right for the sale”.

In a comment in Tuesday’s *Courier Mail*, Simpson called for Bligh to step down. However, his main concern was not the impact of the privatisation on workers, but on the falling support for Labor in the polls. His chief criticism of Bligh was her failure to “negotiate seriously” with the unions, which, he explained, had proposed alternatives to the asset sales to balance the state budget. Simpson did not outline these alternatives, but they certainly would have involved cost-cutting measures that would also undermine the living standards of workers.

Bligh announced the privatisation plan in the wake of Queensland’s credit rating being downgraded by Standard & Poor’s and Moody’s in March 2009. In the wake of the global financial crisis that hit Queensland hard, Moody’s criticised the government’s “lack of a medium-term strategy to restore budgetary balance”. Three months later, Bligh declared that “some very tough decisions” were required to “respond to the biggest economic challenge in decades”.

The sale of QR offers lucrative returns to investors. Queensland is a large exporter of coal, particularly to China. QR currently controls 80 percent of the state’s coal haulage market and profits will soar as coal exports are predicted to grow by 70 percent if international demand, especially from China, continues to increase.

Corporate pressure is mounting for broader austerity measures. The *Australian* newspaper published a major article last week pushing for state governments to slash their debt levels. It claimed that state borrowings were forecast to hit $243 billion in 2014, up from $159.6 billion this year, and warned this could result in “reducing available credit for the private sector as the economy recovers”.

The article cited Australian Chamber of Commerce and Industry official Greg Evans, who warned: “Business wants government to return the budget to balance and reduce public debt” in order to provide “greater flexibility to deal with future economic shocks but it is also important in reducing pressure on long-term rates.”

Premier Bligh has already indicated that she has understood the message loud and clear. In the wake of the disastrous Labor vote in last month’s federal election, she declared that the rail privatisation would proceed. As for newly installed Prime Minister Julia Gillard, she called on Bligh to ignore public opposition and proceed with the asset sales—even before she ousted Kevin Rudd as Labor leader in the June political coup.

These comments are a warning to workers in Queensland and nationally that the Labor governments, at the state and federal level, are the key political mechanisms for imposing the burden of the continuing economic crisis on working people. Any struggle by workers to oppose these plans will be sabotaged if left in the hands of the unions. The fight against privatisations, the slashing of public spending, the gutting of social services and in defence of jobs and working conditions requires a decisive break with the unions and the construction of new organisations of struggle.

Workers in QR and other threatened workplaces should elect independent rank-and-file committees to conduct a broad industrial and political campaign against the Bligh and Gillard Labor governments. That struggle must be based on a socialist perspective for a workers’ government that will place all public services and utilities under democratic control and reorganise society completely to provide for social need, not private profit.