



Liberal Democrats

Policy: Deregulate and Privatisise

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The LDP advocates an immediate end to government ownership of business enterprises including the ABC, SBS, Australia Post, electricity generation and public transport services.

Policy

The Liberal Democratic Party (LDP) opposes the ownership of businesses by governments and the provision of services that could be provided by the private sector.

The LDP supports an immediate end to state and federal government ownership of:

- The National Broadband Network
- The ABC
- SBS
- Australia Post
- Electricity generation corporations
- Bus, ferry and rail services

Over time, we also favour privatising:

- Government owned TAFE colleges
- Government owned Universities
- Most government owned public schools
- Most government owned public hospitals
- Government land and buildings that are not earmarked for specific Government use

Some areas in which the LDP would immediately reduce or remove regulation are:

1. The taxi industry

2. Retail trading hours
3. Liquor licensing
4. Occupational licensing and certification. Eg auctioneers, hairdressers, bar workers, casino workers.
5. Radio and television broadcast licensing
6. Workers compensation insurance
7. Pub poker and similar gambling

While it may be necessary for the government to hold financial assets, the principles of free market competition dictate that the government should not have a political interest in the decisions of any business.

Discussion

Reducing Government Interference in the Economy

The Liberal Democratic Party (LDP) supports private business ownership and opposes ownership of businesses by governments. We also believe there is excessive and unnecessary regulation of many aspects of business activity.

While the government may regulate certain aspects of the environment in which business operates (eg the Corporations Act), it should not participate in any industry in which the private sector is involved.

Governments are not businesses and do not operate on business principles. Not only do government-owned businesses distort markets, but the money tied up in government-owned businesses would be far more useful in the hands of the taxpayers to whom it actually belongs.

The withdrawal of the government from commercial areas and the removal of regulatory barriers lead to increased employment opportunities, greater revenues for the government, and lower prices and better value-for-money for consumers.

While some people complain that the free market cannot work because people are selfish, that is exactly why the free market does work. In 1776 Adam Smith first explained the concept of the “invisible hand”, where the pursuit of self-interest leads to the public good. More than 200 years later the concept remains true and has been proven time and time again.

As long as there is the rule of law and a voluntary system, the profit-maximising behaviour of businesses will lead to the best outcomes. Intervening in the process to create different incentives will only distort the market and lead to a less efficient outcome. The worst form of interference is government ownership* and control, which reduces the profit motive, but even subtle political manipulation can lead to a sub-optimal outcome.

In addition to the economic theory we now have a century of experiments in public ownership and interference. The lessons are clear – the government does not make the market more efficient. Australian companies such as Qantas, CSL and the Commonwealth Bank are obvious examples. In each case the company flourished after being removed from government ownership, improving services, employing more people, increasing profits for shareholders and investing in the future.

Some also worry that people are not selfish enough for the free market. They point out (quite rightly) that people care about more than themselves and that we are social animals with compassion and empathy. However, the free market is in no way inconsistent with a strong civil society. A voluntary selfless act will lead to a good outcome under any system, but only under a free market does a selfish act also lead to a good outcome.

In countries with freer markets, people generally show greater levels of private charity and stronger civil society. While America is often criticised for having low levels of government aid and welfare, the level of voluntary help from American individuals and private charities (civil society) is one of the highest in the world. The government approach (where decisions are politically motivated) has done more to erode civil society, encourage corruption and create a materialistic contest between political players.

Privatisation

The LDP supports the privatisation policies of ALP and Coalition governments over the past 20 years.

In some of the cases listed in the policy where some public funding is warranted, this should occur by way of vouchers or a similar funding mechanism that empowers consumer choice.

We do not believe the main purpose of privatisation is to make money for the government. Rather, its purpose is to improve the efficiency of the economy.

Therefore the process for moving these entities out of state and federal government ownership would vary and may include privatisation via the share market, transfers to local community groups and the gifting of shares (or their proceeds) to all Australians.

A public share give-away is an attractive means of transferring public assets directly to Australian adult citizens. It clearly shows the purpose of privatisation is to shift economic control into the hands of individuals, not to raise money for government. The approach is also more equitable and lets all Australians share in the benefits of privatisation.

While a public give-away would not be viable for all public assets, it should be considered for some organisations. The deciding factor in each case would be the ongoing viability of each operating entity as well as consultation with the key stakeholders.

Privatising the ABC

The privatisation of the ABC is a high priority and a perfect candidate for a share give-away to the people. If New Zealand is able to live without a national government-owned broadcaster, then so can Australia

The ABC today includes TV stations, radio stations, retail outlets, book publishing (over 120 titles each year), magazines, videos and DVDs, contemporary music and logo licensing. Each one of these has commercial competitors and there is absolutely no reason why the government should be involved in any of these industries.

Many people take a conservative approach and are afraid of change, but privatising the ABC is necessary not just on efficiency grounds but also for equity reasons. More Australians pay for ABC TV and radio than watch or listen to it. Only a minority of Australians, generally well educated with higher incomes, use the ABC. Consequently, continued corporate welfare to the ABC is a subsidy provided by taxpayers to higher income earners.

The ABC not only loses money (about \$800 million per year or \$80 per taxpayer) but is also losing the ratings war as it is less popular than commercial alternatives. Those who insist that the ABC is actually “better” are in effect criticising the majority of Australians for preferring the other channels.

Once privatised, the ABC would stop costing the taxpayer money and become directly answerable to its owners and audiences. This is a benefit to both the taxpayer and the consumer.

If it really is “our ABC”, then give it to us. And if ownership implies the ability to control your asset, we should be free to choose whether we keep or sell our share in it.

Reduced Government Intervention

The government can distort the free market in many ways. While government ownership is the most obvious and dangerous form of intervention, this has been declining in recent years. By contrast, the more subtle but also dangerous intervention of over-regulation has been increasing and is now at unprecedented levels.

The LDP supports a new round of regulation reforms modelled on the National Competition Council, focused on assessing all regulations for their impacts on productivity and economic welfare. Recommendations for deregulation should be binding on the government.