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Despite assurances, Queensland on asset selloff binge

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FINANCIAL REVIEW

NEWS WEBSITE OF THE YEAR



The \$7.1 billion Queensland Motorways sale represents the bulk of the privatisation bonanza. Photo: Glenn Hunt

by Mark Ludlow Matthew Cranston

The Queensland government has sold more than \$10 billion of assets since elected in 2012, despite claiming it would wait for a privatisation mandate at next year's election.

Treasurer Tim Nicholls vowed in opposition not to undertake a large sale of government property, but more than \$820 million worth of buildings and land has been sold in the Liberal National Party government's first term in office.

Another \$370 million worth of property is being prepared for sale this financial year as part of 1000 properties secretly earmarked for sale.

The land, often in prime locations, has been snapped up by developers wanting to make the most of property resurgence in south-east Queensland.

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The big sell-off

Newman government asset sales

Total assets sold
\$10.7b

Includes



BIGGEST SALES

- Queensland Motorways (\$7.1b April 2014)
- Sell-down in rail operator Aurizon (\$2.3b including \$806m stake in Mar 2013 and \$1.5b in Nov 2012)
- Stake in South Australian electricity supplier Electranet to Chinese company (\$500m Nov 2012)
- Sale of seven office buildings (\$562m Apr 2013)
- Sale of Supreme and District Court site (\$63m Mar 2013)

- South Brisbane TAFE to Metro Property Group (\$22m 2013)
- Kangaroo Point site to Singapore-based hotel and resorts operator Banyan Tree (\$15m Jul 2014)
- Land sales by the Department of State Development, Infrastructure and Planning (\$142.1m)

ON THE BLOCK*

- Former Gold Coast Hospital site (\$40m)
- Old dental hospital, Brisbane CBD (\$40m)
- Fortitude Valley State School for sale (\$50m Sep 2014)
- Dept of Public Works and Housing (\$76m held for sale)
- Dept of Education (\$51.4m held for sale)
- Dept of Transport and Main Roads (\$34.5m held for sale)

*Estimated values

SOURCE: FINANCIAL REVIEW OF GOVERNMENT ANNUAL REPORTS

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The bulk of the \$10 billion privatisation bonanza was the Queensland Investment Corporation's sale of Queensland Motorways to Transurban for \$7.1 billion.

Those proceeds were reinvested into the defined benefits scheme controlled by QIC.

The Newman government understands the political sensitivity of the privatisation of public assets.

The Bligh government's \$14 billion asset sales plan was partly responsible for the downfall of the long-term Labor administration at the 2012 election.

Last week, Premier Campbell Newman and Mr Nicholls announced a \$37 billion asset sales program, including long-term leases for two ports, the electricity transmission networks and commercial water pipes, which it will ask voters to approve at the March election.

The sale of buildings and land has allowed the government to push through its budget repair task without having to seek a mandate from voters.

They include a swag of government buildings to QIC for \$562 million, the Supreme and District Court site to the Shayher Group for \$63 million and the Southbank TAFE site on Kangaroo Point to Metro Property Group for \$22 million. A cliff-top site at Kangaroo Point was sold to Singapore resorts operator Banyan Tree for \$15 million.

A source familiar with the process said there was definitely a push after the 2012 election to start the sales process.

"A tender went out about 18 months ago to review all the assets and there were potentially 1000 surplus property assets," the industry source said.

"We are now entering the phase where we are executing on that."

As part of the first stage of the Queens Wharf development, the government gave its land at 1 William Street to a developer in lieu of better commercial terms for the construction of the government's executive headquarters.

Expressions of interest open

Big land sales touted for the next year include the former Gold Coast Hospital site, the old dental school at 168 and 200 Turbot Street in Brisbane. The government has called for expressions of interest from developers for two hectares of prime real estate at Hamilton.

Government departments, including Public Works and Housing (\$76 million), Education (\$51.4 million), Transport (\$34.5 million) and Health (\$14.7 million), have earmarked large parcels of land and buildings for sale this financial year.

Mr Nicholls told The Australian Financial Review on the eve of the 2012 election he would not sell up to \$1 billion in government property in the central business district, hours before an article was to be published on the plan.

"We won't be selling the real estate without putting it forward to get a mandate from the people," he said at the time. "We had some

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