Re-examining the financial returns from New Zealand’s SOE sector: Re-examining privatisation

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ABSTRACT

Purpose - This paper considers the potential for profit within state-owned enterprises [SOEs] as part of the privatisation debate, through an examination of New Zealand’s SOE sector from 2006 to 2010, extending and comparing findings of an earlier study from 2001 to 2005.

Design/methodology/approach - Analysis of financial data from 2006 to 2010, and textual analysis of secondary data (e.g. annual reports, websites, newspaper articles) provided a valuable external perspective. Interviews with senior executives from 13 of the 15 SOEs operating in New Zealand in 2010, and observation during the interview process provided invaluable internal perspectives of the SOE sector’s financial returns, and associated operational issues underpinning those returns.

Findings - Findings reinforce the potential for SOEs as profitable government investments, with continued support for financial returns, despite a more challenging economic environment.

Implications - However, broader challenges from a ‘whole of government’ perspective highlight financial performance alone may not determine SOE policy.

Originality/value – This paper is one of the few to adopt a longitudinal approach to examining financial returns from SOEs through the analysis of quantitative data and the issues underlying those returns through the analysis of qualitative data.

Keywords: financial returns, state-owned enterprises, New Zealand, privatisation

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