

CITY PROJECTS FACE VALUE CHECKS

Anne Davies

Privately funded infrastructure projects such as the Cross City Tunnel and airport rail link will be scrutinised as part of a major review which will decide whether they deliver taxpayers value for money.

The union movement forced the review on the State Government at the Labor Party conference over the weekend of 11 - 12 June, saying private sector funding was a form of creeping privatisation that can leave the public footing the bill for any risk.

The unions failed to win a freeze on privately funded projects until the study was completed, but gained an assurance that it would be undertaken by an independent person.

The state secretary of the Rail Tram and Bus Union, Nick Lewocki, told the conference that Britain's experience of public private partnerships (PPPs) had been mixed. There was evidence to suggest service levels had dropped and its labour force had lost skills.

The Amalgamated Metal Workers Union state president, Tim Ayers, called on the State Government to abide by the outcomes of the inquiry. He said:

'If it continues, the citizens of NSW face creeping privatisation of their hospitals, schools and roads - a future of private profits and public loss, a future where Labor is toasted in boardrooms of this country.'

'Macquarie Bank's huge profits are largely built on the back of government projects.'

The Treasurer, Andrew Refshauge, acknowledged the airport rail link - negotiated by the previous Liberal government - left taxpayers \$800 million out of pocket because of poor patronage.

However, the Australian Council for Infrastructure Development's chief executive, Dennis O'Neill, said the review would yield the same result as the Victorian study last year by Peter Fitzgerald, of business strategy group Growth Solutions.

'He found it was a valid procurement mechanism especially for large and complex projects and led to benefits such as innovation and better design, Mr O'Neill said. 'The main issue is to make sure there is appropriate sharing of the risk.'

The 2.25 per cent vendor tax will be reviewed during the budget process next year, as normal. State secretary Mark Arbib told the conference the State Government's unpopular tax could be abolished immediately if it received a fair share of GST from the Federal Government.

The call for more government spending on infrastructure was echoed by Labor's federal leader, Kim Beazley, who said a Labor government would establish a Building Australia Fund.

In his keynote address to the conference, Mr Beazley said the Howard Government had failed to invest in skills and left the Australian economy at the mercy of cheap imports.

'Our foreign debt has surged to \$425 billion - half the size of our economy. I believe John Howard and Peter Costello are taking us to the edge of the debt cliff.'

Most of Australia's foreign debt is owed by the private sector with both state and federal government debt at near record lows. 'We must rebuild Australia so we can pay our way and get debt under control.' Mr Beazley said in his keynote address.

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