

INQUIRY INTO CROSS CITY TUNNEL

Organisation:

Name: Mr W.G Hamilton

Telephone:

Date Received: 18/01/2006

Theme:

Summary

ING 

The Director
Joint Select Committee on the Cross City Tunnel
Parliament House
Macquarie St Sydney

JSC CROSS CITY TUNNEL

18 JAN 2006

Dear Director,

RECEIVED

Re: Mission -
Joint Select Committee on the Cross City Tunnel

It will be of great benefit to the people of New South Wales if the Committee can use its term of reference (g) to provide a complete explanation of why public private partnerships have had to be substituted for government borrowings to build our infrastructure.

For at least a century the Federal Government, State governments and Semi-government authorities issued borrowing instruments, which were readily accepted by the investment community, to finance their capital expenditures. The interest obligations on these loans did NOT cause the borrowers to run continuous budget deficits. The only crisis I can recall the loans causing was an interest moratorium

ING

proposal by the Lang government during the Great Depression of the 1930's. Conditions then were so extreme that they brought financial difficulties to a much wider group of borrowers than just the few South Wales government.

By contrast, governments of every persuasion, state and Commonwealth, now boast of their achievements of debt reduction or eliminations, as if government debt is a sign of some kind of profligacy or recklessness. Is today's conventional wisdom merely adherence to a fashion, or is it based on recent fiscal experiences of which governments knew more than the general public?

It is contended over and over again that unless we agree to public private partnerships, we have to do without any more infrastructure. Governments can still raise funds more cheaply than private organisations. They can use funds so raised to engage private contractors to build their infrastructure, but its

ING 

never been convincingly explained (so far) why governments now have to agree to private organisations supplanting them as operators of public facilities.

The Joint select Committee should have a go at explaining this mystery

Yours sincerely
W.G. Hamilton

(M+) W.G. HAMILTON BE