Private Interest Vs Public Good: Shifting expectations in the policy and politics of education

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ABSTRACT

This paper explores the conference theme by questioning what the public interest is in the refinancing of education by the private sector, and by demonstrating how definitions of 'public', 'private' and 'the state' are shifting and intermingling in this context. We argue that a new language of description is emerging that is largely unquestioned, couched as it is in a rhetoric of community improvement and benefit. We see this discourse generating a new construct of 'the common good' and the 'common wealth' that is shrewd and expedient, but potentially breaking the high levels of trust between state and citizens that has been a hallmark of education in Australia, the USA and England. This redefinition of public interest is one in which the state is extending its intervention under the umbrella of an inclusive rhetoric. What we see emerging is a new (though essentially Deweyan) epistemology of policy and politics in which there is dysfunction between falsely competing expectations driving new community, professional and sectoral alignments. The result is new loci of power emerging from experience and knowledge about policy-making and educational practice, but not necessarily greater public interest.

INTRODUCTION

This paper will explore private sector participation in public sector education in the Australian context, focusing on case studies of Queensland and New South Wales, with reference to developments in other Australian states and territories, as well as internationally (see, for example, Apostolakis and Smith, 2002 for the UK; Britton, 2003 for the USA). In order to contextualise our discussion, we will provide a brief overview of the provision of education in Australia, a federation of states and territories with national and state governments having different jurisdictions over levels, sectors and 'clients'.

Our approach to the topic contains a currently contested premise that government education policy and management is an inherent good and that private sector participation in providing a public good has the potential to undermine the democratic and economic power of the state. We view this change with foreboding, even if the expression of 'public good' remains largely unequal social reproduction even after 150 years of representative government. At the very least, we argue that public-private partnerships create tensions about the public interest that need to be understood and explained in order to reconstruct a view of the machinery of governance in education so as to better understand and research educational policy.

PRIVATE-PUBLIC PARTNERSHIPS

Public-private partnerships involve a range of cross-sectoral micro-economic ventures, which generally involve private sector financing, building and operating public services for targeted projects. These projects are intended to cover infra-structural gaps and are put forward as providing secondary benefits to local communities and business.

Peters (1998) lists five main identifiable characteristics for PPPs, all of which are intended to facilitate cooperation in partnership operations including: the involvement of two or more members, one of which is public; every partner member is a principal, capable of bargaining on its own behalf; the relationship is one of continuing interactions; each partner brings some different skill or resource; and, members share responsibility for the outcomes. The expectation was that the public sector could bring to the table the organisational skills and operational knowledge of government, to match the financial 'know-how' and borrowing clout of the private sector.

The key difference to traditional ways of providing public sector services is that, with PPPs, the public does not own the asset. This is an important factor we will return to in our discussion. A typical PPP project is owned by a company set up to run the scheme, though often this company is a subsidiary of a larger company, and involves representation from government in decision-making and strategic operations. Pledging land and buildings as security without title is called 'hypothecation', which treasury usually opposes as it commits government funds to projects for years. Yet hypothecation is the basis of most PPPs (Steele, 2002). Once PPPs are completed, the original contracts are often re-negotiated; sometimes leading to windfall profits, often leading to more complexity and confusion when it comes to accountability and responsibility for defects and failure to meet milestones or deliver at all (Ball, 2006).

PPPs are a commercial activity, but undertaken within the legal framework of a government service, and compounding for-profit firms with state and non-profit organisations (based on Apostolakis and Smith, 2002, p.93). PPPs are a mixture of grant-based and incentive-based contracts, that can be applied in the case of failure. However, as Public-Private-Partnerships are contractual arrangements aimed at providing low-risk guaranteed income streams for companies using public assets, it is fair to ask whether it is profits, rather than risks, that are being transferred to the private sector. In many cases, government employees also are transferred to be re-employed "privately", generally weakening the role of unions. Governance issues of privacy, conflict of interest and a range of other ethical questions result.

In the United Kingdom, for example, the predominant model is the Private Finance Initiative. Across England and Wales, PFI is being used in more than 400 schools, at a cost to the government of £2 billion (*The Guardian*, 20th July, 2002). The lessons are inconsistent and sometimes alarming. One PFI reasonably well known is the Sheffield Education PFI (http://www.ibcoz.com.au), Montanheiro (2002) praises the Sheffield project for having a strong positive influence and a positive welfare effect as it assist growth and progress. However, the Haringey PFI finance deal has been described as "disastrous", with the north London borough's secondary schools having to find £6 million to complete the work the FPI deal was meant to cover. In this case, as for the examples from Australia below, the deal was signed for 30 years. To these schools, this is 30 years of debt, not of new funding.

The UK examples of PPPs illustrate concerns and real life examples of a reduction of public ownership, loss of control and reduction in public benefit. It has been suggested that 15% of the UK budget is now committed for decades ahead to PFI deals, thus limiting future government responsiveness and scope of action for education policy and strategic policy development.

RESEARCHING AND THEORISING PPPs IN EDUCATION

Given these equivocal anecdotes about PPPs, there is a need to look carefully at what is happening in this context and to work empirically and theoretically to explain current practice and shape future practical and research objectives. Hodge (2002) argues that there is some evidence that the promises of PPPs are being met, but they are being met by potentially unacceptable trade-offs such as reducing the revenue capacity of government, as noted above. While short term gains may be measurable, the long term financial capacity and policy flexibility of the state is difficult to analyse.

We are this attempting to explore this topic through documentary analysis by employing the theoretical and methodological approaches of Bourdieu's political work. This approach enables interrogation of the relationships between individuals and the state, on consumption practices and the relationship between education and socio-economic status (Bourdieu, 1977, 1993, 2003, Bourdieu and Passeron 1977). It also allows us to investigate new languages of description via the breakdown of public-private distinctions, envisaging many 'publics', and reconceptualisation of the relations between citizens, the state and capital in western democracies.

What we see emerging is essentially a Deweyan epistemology of policy and politics in which there is a barely visible, but potentially limiting dysfunction between falsely competing expectations, where the new 'politic' of public interest is one in which the state is managing to be both shrewd and expedient in extending its intervention under the umbrella of an inclusive rhetoric. Through PPPs, the state offers limited, mostly false, policy choices, founded on a politico-economic view of budget deficits and a sharply refocussed vision about the relations of government and individual rights and obligations.

LESSONS FROM AUSTRALIA

There are nearly 10,000 schools operating in Australia, with 30% non-government, for 3.2 million students and 150,000 full-time teaching staff. Compared to Britain and North America, Australia has a high non-government enrolment arising from complex historical and contemporary factors. As in the UK, the private sector has moved from a disparate collection into a formidable political force, cementing a "system that is both meritocratic and socially exclusive" (Power et al., 2003, p.151). Current non-government enrolments are the highest since the system of state schooling was founded in the mid-nineteenth century (Potts, 1998, p.1).

In Australia there has been a shift in the history of PPPs. Projects in the early 1990s focused on toll roads, hospitals, water and power. In the mid-1990s, the focus was on prisons, sea ports and sports stadiums. In the late 1990s airports were added to this list, with defence, schools and courts attracting contracts from 2001 (Lilley, 2003). Most schemes are known as BOOT projects (Build-Own-Operate-Transfer) but in some cases the service provider keeps the asset in perpetuity rather than hands it back to the state (usually after 30 years). Another emphasis is on design, or lease, rather than build (Commonwealth Grants Commission Discussion paper, 2003/1, p, 3). Education, treasury (for example, Commonwealth Grants Commission, 2003) and business documents (for example, ABN-AMRO, 2003 and Lilley, 2003) form the basis of evidence for this paper.

THE AUSTRALIAN WEDNESDAY OCTOBER 19 2005

4 THE NATION

Public-private funding pitfall

Glenda Korporaal
Ean Higgins

GOVERNMENTS should avoid public-private infrastructure deals led by investment banks because they are motivated by profit over community benefits, a former top NSW public servant, Gary Sturgess, warned yesterday.

Mr Sturgess, now head of London-based think tank the Serco Institute, said there was a danger that such deals were primarily driven by financial engineering, not delivering the best outcome for the community.

He is to make his points this morning before a special meeting of the NSW Public Accounts Committee convened to hear his evidence during his trip to Australia.

"There seems to me to be a difference between companies who see these projects as essentially an operational contract and those for whom it is simply a financing deal," he said.

"Having a (public sector) project led by an investment bank does suggest that the value in the project lies in the financial engineering, not in value-adding infrastructure or public service."

Mr Sturgess, the director of the cabinet office in the Greiner government, said there was nothing intrinsically wrong with public-private sector infrastructure deals, providing the government negotiated a proper contract upfront and did not just do deals with operators who cared only about the financial aspects.

Investment banks had a significant contribution to make in putting together the financing for public-private sector deals but the financial aspects should not be allowed to dominate deals to provide projects for the public sector. There was "something wrong with the market' for such projects when it came to be dominated by investment banks", Mr Sturgess said.

Deals between state governments and the private sector have come under fire in the past fortnight, when it has been revealed that the NSW Government signed contracts for a cross-city tunnel and another tunnel in Sydney's north that provided for the diversion of traffic from public roads into the privately operated tunnels.

Mr Sturgess said public-private infrastructure deals could have value if they produced more innovation in the construction or the operational of projects such as toll roads and tunnels. But the deals should not be dominated by financial engineering. "If you have a system where investment banks are habitually and frequently leading on public-private sector partnership deals, it suggests something is not quite right with the design of the market."

The onus was on a government to ensure it was doing deals with operators that had a long-term interest in the project and were not just wanting a quick profit.

Mr Sturgess said the British experience with PPP deals had shown the private sector could be involved where the operators delivered on their promises and did not just approach the projects in crass commercial terms.

The NSW Opposition yesterday broadened its attack on the Government over the handling of its public-private partnerships, raising questions in parliament about the $2 billion desalination plant planned for Sydney.

Opposition Leader Peter Debnam asked Utilities Minister Carl Scully, previously roads minister, responsible for the private toll tunnels: "Given that even your own colleagues acknowledge you made mistakes and unnecessary compromises on your last major infrastructure projects, what compromises in community interests are you now negotiating away as part of Labor's $2 billion desalination plant?"

Mr Scully replied: "Yes, when you negotiate you make compromises. Yes — big deal." He said the Government was negotiating with a short list of three tenderers for the desalination plant.

Tollway traffic routing defended

Andrew Trounson
Ean Higgins

INFRASTRUCTURE builders and financiers yesterday defended the controversial practice of state governments funnelling traffic on to tollways, saying it was "entirely appropriate".

And Australian Council for Infrastructure Development chief executive Dennis O'Neill said private developers should not be blamed for the controversy, because it was governments that set the terms for the projects.

"The private tenderers are just providing a commercial service in response to what the government has asked us to provide," Mr O'Neill said.

Outrage over high tolls and road closures designed to steer commuters on to Sydney's new $680 million Cross City Tunnel have sparked calls for national guidelines on developing transport infrastructure.

But the private sector operators called for a greater say in planning national infrastructure investment, advocating the creation of a national advisory council that would include the private investors that governments are increasingly relying on to fund roads, ports and water facilities, and even hospitals and schools.

Mr O'Neill said private participation in public infrastructure was essential. "We have to face up to the fact that if governments choose not to borrow, then frankly there is no current alternative about how we can accelerate the delivery of these long-awaited road projects," he said on the eve of today's infrastructure summit in Melbourne.

Victoria

Victoria was the first state in Australia to follow the UK example to seek private sector help in an attempt to defray some of the financial risk of building public infrastructure, as well as outsourcing maintenance and service delivery. Several Australian state governments adopted, by largely copying, *Partnerships Victoria*, a policy "giving effect to a commitment to optimise the level of infrastructure spending through a responsible use of the resources of both the public and private sectors". Value for money, and the public interest, were keynotes of the policy. http://www.partnerships.vic.gov.au). Yet Victoria experienced early difficulties, with criticism that the Victorian state government prefers to please 'big finance' rather than invest in education (*The Age*, 20 /10/03). For example, the bungled Spencer Street Station rebuild still went ahead, despite concern even from within the Victorian government Treasury.

New South Wales

The NSW 'New Schools Project' was a first in that it was a 'bundle of projects' with St Hilliers (building 2 high schools and a special school), Hansen Yuncken (building 6 primary schools), and Spotless (operating the services), forming the consortium ABN AMRO. It was a design, construct, maintain and manage project over a concession term of 30 years, with the nine schools then reverting to the state. In NSW, these arrangements are called a 'privately financed project', or PFP. During the life of the contract, the consortium will receive monthly service fee payments from the state, indexed quarterly with the consumer price index, though there are 'abatement' clauses allowing deductions for poor performance.

The NSW Department of Education and Training has formed a PFP unit to facilitate the processes which, interestingly, the consortium says compare favourably to the tender and selection process in the UK (ABN-AMRO, 2003) with lesser delays attributed to what it calls the political landscape. The Audit Office of the NSW Government very recently (March 2006) released a generally favourable performance audit on the first PFP contracts for the schools noted above. The terms of reference, fairly narrow in focus, were to examine whether the processes were adequate to maximise potential value for money (NSW Audit Office, 2005, p.2). In summary, the Audit opinion is that "the contracts in the NSW Privately Financed Projects were established and let in a way that greatly assisted the potential for delivering value for money as there was a clearly defined business case, good tender lists with competitive tensions, and sound performance monitoring and reporting". However, this judgement rests on the experience of only 2 out of 30 years for the life of these contracts.

The Audit Office recommendations involve expedition of a contract administration manual, utilising the cross-agency NSW Project Management Steering Committee for continued oversight, and designing a process to review whether the projects continue to provide value for money over the next 28 years. Such a favourable response from a highly placed and rigorous government agency is a testament to the skills of the NSW education public servants and their private sector partners who worked to achieve such a laudable result. The Audit office also recommended that school planning processes should be improved to provide greater certainty of requirements when entering PFP contracts, greater disclosure of contract documents, and that the Education Department needs to work with state Treasury to design an appropriate evaluation process (p. 3). Even in this Report, the issue remains as to the long-term advantages and opportunity costs. These issues are acute for our case study from Queensland.

Queensland

In Queensland, the Southbank TAFE Institute and Brisbane State High School were identified as the partners for a new education precinct 'freeing up' the system by outsourcing non-core services and 'freeing up' valuable inner-city land. In a $200 million redevelopment, the plan was for private sector involvement to enable the government to sell-off the TAFE campus and build a 'training hotel' in its place (*Courier Mail*, 4 September, 2002). While financial leverage had been pursued in earlier projects through bulk procurement initiatives and corporate sponsorship in the government department, 'Education Queensland', the Southbank Education and Training Precinct PPP proposal was a quantum policy leap and the first step into education PPPs in Queensland.

The Queensland government Cabinet and Budget Review Committee approved progression of the Southbank PPP to Expressions of Interest in December 2002. The process of assessing and short-listing of project bids continued through 2003-04. The local dynamics of the project were made interesting by the implied union between Brisbane's selected entry State High School and the TAFE sector. Located in the inner city suburb of West End, the then Education Minister's electorate, the school has often been a site for strained relations with the local community which is a diverse mix of working class immigrant people and increasing numbers of new residents seeking an inner-city lifestyle in new developments. People choose the location for access to 'State High' and higher education opportunities that lie beyond it, therefore unlikely to provide any demand for vocational education and training courses.

The argument for the Southbank PPP advanced the view that educational standards improve through the improvement of resources and the cross institutional linkages on the enlarged and improved campus precinct. There was little involvement of teachers in the educational planning in the project according to the website, now removed (http://www.southbank.tafe.net/site/EducationPrecinct/index.asp). In this website, the PPP was put forward as a financial consortium that would not impinge on educational decisions. Mahony, Menter and Hextall (2003) challenge this assertion in their careful analysis of Edu-business in England through the *Threshold Assessment* approach to raising standards of teaching in classrooms.

Notwithstanding these difficulties at the local level, the Southbank PPP was lent additional policy respectability by being promoted as a vehicle for reforms outlined in the Minister's 2003 White Paper, *Education and Training Reforms for The Future*. The White Paper was a policy exercise designed to line up state services, school education, training, and relevant government services to address the problems of engagement and retention of Queensland students in post-compulsory schooling. The semiotics of a PPP that brings the training, schooling and higher education sectors together on one site was a powerful confirmation of Queensland Labor neo-liberal policy across a number of fronts. However, the drawback of these policy shifts has been brought sharply into focus by the failure of the Southbank PPP in Queensland and the about face in terms of what is achievable and what is not through this policy tool.

The Sydney "Cross City Tunnel"

One final example is provided from outside the education arena in Australia. While PPPs in education have been relatively uncontroversial, the privitisation of public roads and transport has been met with outrage, civil disobedience and highly effective boycotts of new PPP facilities. The best example from NSW is the *Cross City Tunnel* (CCT). The contract entered into for building this tunnel underneath Sydney required the closure and/or introduction of restrictions on access to more than 70 public roads around the tunnel entrances in Sydney, millions of changes to traffic signals (engineered by public servants), and associated infra-structural changes, to force motorists into the cross city tunnel and pay a toll to a private company (Davies, 2005). But Sydney motorists resented and resisted these measures with a passion and quickly joined in a common purpose to avoid the tunnel, even if it meant getting caught in the log-jams and the consequent delays and frustrations.

Boycott is back: traffic dives 44% as free ride ends

Alexandra Smith
Transport Reporter

THE boycott was immediate. It only took 12 hours after the $3.56 toll was reintroduced on the Cross City Tunnel yesterday for traffic figures to slump by 44 per cent, or 10,000 cars.

Figures released at 1pm were bad news for the tunnel operators, CrossCity Motorway, showing that last Thursday, during the toll-free period, 22,136 cars used the tunnel between midnight and midday. Yesterday, that figure had plummeted to 12,406 cars for the same period.

But the general manager of CrossCity Motorway, Peter Sansom, denied that motorists who had only used the tunnel when it was free would stay away now that a toll was payable.

"What it means is those people will actually come back to using the tunnel when they understand the benefits, and many of them will," he said.

Mr Sansom ruled out lowering the toll, widely seen as the reason behind motorists shunning the tunnel, or a second toll-free period.

CrossCity Motorway lost $4.5 million when the tolls were removed.

"It was certainly a worthwhile investment to give a toll-free period because it allowed the motorists to understand the benefits of the Cross City Tunnel," Mr Sansom said. The controversial road changes would definitely not be reversed, he said, because they were offering public transport improvements for commuters.

"Those improvements are going to come into fruition in the near future and the buses will move easier through the city." He added: "We hope people will get underground because if we want to reduce congestion in the city, we need to take cars out of the city."

Several of the final road closures were introduced this week, including reducing William Street to one general lane and a transit lane, and the addition of a westbound lane in Bathurst Street.

The Opposition Leader, Peter Debnam, called on the Premier, Morris Iemma, to renegotiate the Government's contract with the tunnel operators to reverse traffic changes forcing motorists into the tunnel.

"Don't put it off," Mr Debnam said. "Go back and renegotiate that contract because you've got to reclaim those public roads.

"The numbers were wrong, they didn't do their homework, [the Cross Tunnel operator is] in a weak position and this is the right time ... for the Government to step in and renegotiate."

Shunning the tunnel ... an RTA warning note on a car that made an illegal turn, left, and a car going the wrong way down Bathurst Street into Sussex Street. Photos: Peter Rae

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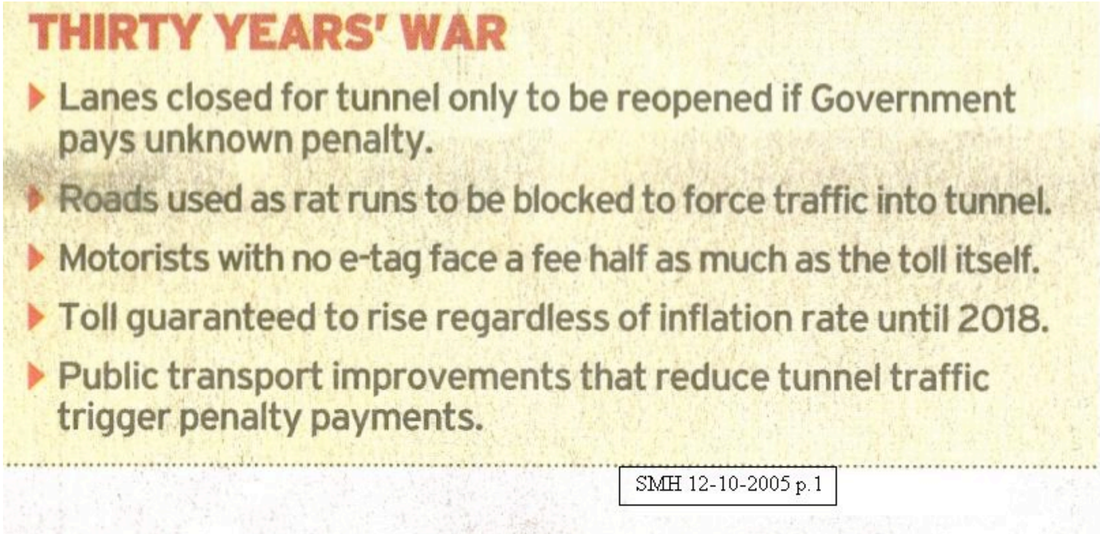
With PPPs, there is a reduced accountability via public disclosure of contract details, partly through 'commercial in confidence' rules, that would not apply as secretly if a government sub-contract applied. In the case of the CCT, this brought about massive political damage to the state government and disbelief and ridicule of the company involved, even by the Premier (head of government) of NSW, Morris Iemma (Davies, Clennell and Cubby, 2006). In the first place, the business plan for the CCT was hopelessly optimistic, with only about one third of the expected traffic eventuating (30,000 rather than 90,000 cars per day). This brought into question the level of competence of business leaders and financiers in making such high risk and poor investment decisions. As the Investment Banker in David Hare's play about the mis-management of the privatisation of British railways (*The Permanent Way, 2003, p. 17*) ponders:

> I've said I don't think the basic idea is a mistake, but on the other hand I would have to admit that at every episode since privatisation, something bizarre has happened. And that does make you ask, 'Is it the structure?". It seems not fit for the purpose.

That the taxpayer is then force to prop up an uncommercial venture, through being forced off public roads, with public money being channelled to overseas investors well into the future, has led to such public anger that the procedures, processes and public accountability for the negotiation and award of any further PPP contracts in NSW has been radically revised. This is an open and politically embarrassing attempt to ensure the state government is nevcr again exposed to such an unsatisfactory outcome (Korporaal and Higgins, 2005) and voter backlash.



THIRTY YEARS' WAR

- Lanes closed for tunnel only to be reopened if Government pays unknown penalty.
- Roads used as rat runs to be blocked to force traffic into tunnel.
- Motorists with no e-tag face a fee half as much as the toll itself.
- Toll guaranteed to rise regardless of inflation rate until 2018.
- Public transport improvements that reduce tunnel traffic trigger penalty payments.

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What the CCT fiasco has revived is the view (definition) "public" is something of which to be proud, not ridiculed, just like nineteenth century communities were proud of their public buildings and services. People are once again asking why governments now use PPPs (to keep spending off the budget) when they can do the same project themselves at close to the long-term bond rate (the cost to government of borrowing funds), and/or deepening the tax base by developing the economy? Generally, Australians see economic infrastructure (postal, telecommunications, water, transport, power, airports, sanitation etc.) as existing to support social infrastructure (health, education, community services, law and order facilities etc.) as well as the general quality of life and social harmony of the nation.

Main Street, Broken Hill, New South Wales, Australia 2005

Despite a culture naturally cynical, Australians still trust governments to do these core community tasks more than leaving them to private and business interests. That is why privatisation of 'essential services' has been so controversial, especially when introduced under the broader strategy of 'reforming' the public sector by increasing competition, when what generally occurs is the formation of a private (rather than public) monopoly. While parents and students have not boycotted PPP schools, and the decisions appear to have been better founded and the outcomes more satisfactory than the Cross City Tunnel, major hospital developments (as at Port Macquarie), and the (ghost train to Sydney's international airport, what would be the reaction is local communities new what the real and long-terms costs are for such ventures?

What would be the reaction if there was greater transparency about who owns what in PFP schools? As Raymond (2003, p. 57) argues in a discussion of private rights and public resources, using the Hegel's dialectical theory of ownership, "mere possession is inadequate; the expression of personal free will to own the object is required". There is a political right to ownership of public education and, as we have shown in the CCT example, reversion of that right led to civil disobedience and people power seriously challenging what had become a taken-for-granted area of public policy. Things have changed. While the future ownership of the CCT hangs in the balance (it will cost nearly a $A billion for the government to buy it), the Premier has already announced abandoning a PFP for a desalination plant for Sydney, following similar levels of opposition and community resistance.

DISCUSSION

Educational issues are distributive issues, and equity issues, in market-based policies. On the one hand, people are attracted to the prospect of new and expanded public services and facilities but, on the other hand, are not attracted to the loss of public ownership and loss of future income to the state treasury which will have to be made up another way (possibly through higher taxes or 'user-pay' schemes – which is another form of 'tax'). PPPs are coming to be seen as providing low-risk guaranteed income streams for private companies, with the profit (rather than the risk) being transferred to private pockets.

The diversity and intangibility of definitions about what PPPs are, is one of the major problems in identifying and evaluating PPPs and their success or not, and an even more serious problem when developing new activities and the contractual elements and obligations of the partners. Slippage in all these areas means that even the best examples are hampered by ambiguity, and the worst examples by inefficiency, wastage, poor management and failure.Yet future options appear to be quite limited. We are faced with the issue of the extent to which the 'public' is being redefined. How do we pay for the state we want, that does not function as a nineteenth century bureaucracy, but that continues to recognise the 'common wealth' or 'common good' of a nation? While PPPs offer the opportunity to 'modernise' government bureaucracy the active capacity of government is being discarded.

This question expresses a new policy conundrum: Without private finance it is likely that new government schools in high population growth areas would not be built until the bureaucratic processes established the need, and the need made it to the top of the treasury list, and treasury found the money. Meanwhile, non-government schools, with generous national government funding under a 'school choice' policy, proliferate, expand and soak up demand, making it even harder for a public education presence to be established.

It is possible to be support PPPs in education on equity grounds, and on the basis that equally distributed and funded comprehensive common schooling is a social good worth preserving. Without PPPs, new suburban areas of Sydney, Brisbane and Melbourne will have few, if any, government schools in the future. This will make redundant the issue of school choice, except as a choice between non-government options (religious or progressive). However, it is also possible to be unsympathetic in that, with their foot in the door, what the PPP companies are now seeking is the privatisation of the teaching service, curriculum, testing and examinations.

Safe and serviceable infrastructure is the backbone of a community of interests we all share in a way that allows us to live our lives independent, yet inter-dependent, of each other. This consideration of micro-economic policy and politics in Australian education and Australian society more broadly, invites a broader discussion on the reconstitution of the 'public' in order that the state is able to afford a common wealth. It is also redefining market forces arising from the drivers of capital and finance when it is the government that is the market-maker in the case of PPPs (Ball, 2006). While it unfashionable to expect the state to generate new infrastructure to the level required, and modernise old, without attracting "debt" (or "investing in economic, educational and social growth"). If PPPs are to be the alternative, Australia has yet to resolve the issue of private interest versus public good.

We are suggesting that, through PPPs, the social side of the 'free' market is being called upon to pay the price for private profit without clear broad public benefits. This is a failure of the politico-economic policy, and this failure holds significant implications for all educational sectors, especially higher education in Australia and elsewhere. For how much longer will the 'common wealth' of the state be the basis of a democratic and just society?

Note: This paper provides an update and further theoretical work on case studies first presented in the Journal of Education Policy, 20(2), March 2005 pp. 243-258. by the same authors.

The murky waters of privatised infrastructure

For years we have been told that it is important to privatise state and national enterprises and services to make them "more efficient" by exposing them to the "rigours of competition". But again and again we read that when roads, and now water, are "privatised", it is only with a guarantee that there is no competition for decades, the penalty being hundreds of millions of public dollars ("Taxpayers face $30m sting for seawater plant", November 23). This is, of course, on top of government guarantees of specified profit and subsidy in establishment.

The emperor's new clothes seem to be rather flimsy.

I. Bokor Armidale

The potential multimillion-dollar compensation payout to the owners of Sydney's main water filtration plant is yet another contractual stuff-up by inept government public-private project negotiators. It seems the sooner this State Government is fully privatised, the better.

Sandra K. Eckersley Marrickville

Not so long ago governments provided the country's essential infrastructure. In Sydney the water board built dams, stored the water, filtered it and piped it to the users. They also took away the effluent and processed it into (mainly) something reasonable that could be disposed of. Likewise with our roads, railways, electricity supply and telecommunications. Then our governments were taken over by accountants and ideologists, and "outsource" became the catchcry.

So now we pay more for less service, and the public is largely ignored because it can do nothing about it as both major parties are tarred with the same brush and follow the same stupidity.

Even if they didn't, governments now have their hands tied with contracts locked in for long periods of time. Hey, Ollie, it's a fine mess you have got us into.

Ron Brown Hornsby

Trust me, desalination is the way to go. But aren't you the same experts who for years made it illegal to install rain-water tanks in private homes? It's called a credibility gap.

Richard Kirby Woodbine

If we don't use desalinated water we pay the operators compensation, and if we don't use fresh drinking water we have to pay Australian Water Services compensation. Which clown wrote/approved those contracts?

John Harper Sydney

It seems that we may be slugged $30 million for another stupid mistake by our "brilliant?" State Government if it proceeds with desalination. That money should be used to build one or more water treatment plants and pipes.

South Australia has had a treatment works at Bolivar for decades, producing grey water for gardens etc. Now they have built another one at Christies Beach which so far services 150,000 people and will be extended to assist some of the many vineyards of McLaren Vale.

Here, the swinging voters who returned the present Labor Government have a lot more to answer for. Three spin-sters have already jumped ship, as have thousands of families who have moved to adjoining states; we have to wait for more than a year before the coast guard comes to our rescue.

J. Davies West Pymble

If the Government is prepared to spend the money on a desalination plant, why not use it to recycle tertiary treated effluent? This process would provide drinking water quality, albeit at a higher than necessary cost, but it would be more environmentally friendly than treating seawater. It is doubtful that raw seawater is less contaminated than treated effluent, so using this process should suit everyone.

John Morris Muswellbrook

SMH 24/11/2005 p.14

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Tunnel shunned - again

MOTORISTS are back to their old practice of avoiding the Cross City Tunnel. Traffic has slumped 44 per cent, or 10,000 cars, following the reintroduction of tolls.

Official figures say that 12,406 cars used the tunnel yesterday between midnight and midday. During the same period last Thursday, the figure was 22,136.

The tunnel's operator, CrossCity Motorway, has lost about $4.5 million in tolls during its five-week campaign to lure more customers. However, It denies motorists will stop using the tunnel now they have to pay $3.56, and has ruled out lowering the toll.

"It was certainly a worthwhile investment. People will actually come back to using the tunnel when they understand the benefits," said the company's general manager, Peter Sansom.

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Subterranean blues