

FRIDAY 2 JULY 2010

■ Gillard caves in to demands ■ Big win for

# Miners triumph

Laura Tingle, Louise Dodson and David Crowe

The federal government will this morning unveil two new separate tax regimes — one for the petroleum industry and one covering coal and iron ore — to resolve its bitter feud with the resources sector.

The new regimes will be announced after marathon talks in Canberra over the past three days between Treasurer Wayne Swan and Resources Minister Martin Ferguson

## RESOURCES ROW

**'Resolution of the problems created by the resource super profits tax is unlikely to alleviate the concerns in China about the attitude taken by the federal government towards foreign investment.'** Chanticleer, back page

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with the major miners — BHP Billiton, Rio Tinto and Xstrata.

The profits from the iron ore and coal assets of the big three miners will now be taxed at a lower rate than origi-

nally proposed iron ore super profits tax (RSPT) announced on May 11.

The government has also announced the wider

## O'Farrell: I'll open NSW for business

Lisa Murray

The private sector will be called on by the NSW government to help clear a backlog of \$60 billion of major projects as part of a pledge by Opposition Leader Barry O'Farrell to tackle neglected infrastructure.

Mr O'Farrell also plans to set up an infrastructure advisory body and a seed fund for the projects, in his first 100 days as premier of the nation's biggest state, if he is elected. He will rewrite the Planning Act and rip up an anti-bidding war agreement with the other states so NSW can aggressively compete to attract business and events.

Mr O'Farrell also wants to open the delivery of billions of dollars of public services to the private sector, starting with Sydney Ferries and the water desalination plant. He is open to all ideas on private sector involvement, from transport to road maintenance.

"Where the private sector is capable of delivering a service that meets standards, that protects the public interest at a price that is cheaper, government is morally bound to consider it," Mr O'Farrell told *The Australian Financial Review* in an interview.

"I believe even the threat of contestability can have a positive impact, let alone the introduction of

## POLITICAL MOVES

**'Rewriting the Planning Act will be one of NSW Opposition Leader Barry O'Farrell's top priorities if he is elected premier next March.'**

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it." The moves represent a significant departure from Labor's faltering efforts to try to develop services and projects in conjunction with business. There has been a string of failed attempts including the Cross City Tunnel and the dumped CBD Metro project.

Labor is also hampered by the influence of public sector unions who have staunchly opposed privatisation of services.

The 51-year-old former adviser to John Howard and Bruce Baird is set to become only the third Liberal premier to win government from opposition in NSW since the party was formed in 1944.

A poll this week shows Labor's primary vote languishing at a record low 25 per cent after a string of scandals and a disastrous byelection loss in Penrith. On a two-party preferred basis, the Coalition leads

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## Blanche

Cate Blanchett artistic vision at Sydney Theatre to Colleen Ryan

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# O'Farrell vows to open



Eyes on the top job . . . NSW Opposition Leader Barry O'Farrell in his Sydney office.

Photo: ANDREW QUILTY

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Labor 61 per cent to 39 per cent, so it is unsurprising that Mr O'Farrell is already making plans.

Analyst Antony Green said: "I expect to see the biggest swing of any election I have ever covered.

"Never has a party polled so consistently badly as NSW Labor. For Barry O'Farrell to lose, the Liberal Party would need to fall to bits."

Unlike the last Liberal premier to make the leap across the chamber, Nick Greiner, Mr O'Farrell said he would not have to battle anti-business sentiment as he moved to turn the state's economy around.

"The single biggest difference between '88 and what we hope will be 2011 is that in '88 Nick Greiner had to convince the public of the need and the importance of partnership with the private sector," he said.

"I don't think we need to convince them because they know the government is essentially

broke. They understand that in order to get the state back to where it should be, to restore the confidence and hope that people deserve to have in NSW is a big task and the only way we're going to deliver that task is in partnership with the private sector."

One of Mr O'Farrell's biggest concerns is that there are not enough experts, resources and financing to set up the number of public-private partnerships needed to invest in much needed infrastructure across the state.

He reckons there are now five serious PPPs across the nation, whereas that number in NSW alone would "not even touch the sides" in terms of what needs to be done.

He also concedes the Keneally government has had some big problems in developing a successful PPP model and that has dented companies' confidence in doing business with the government.

However, Paul Ritchie from the

NSW Business Chamber says companies would treat a new government "as a clean slate." "We have argued for some time the state government has not been active in working with the private sector in real partnerships," he said.

Mr O'Farrell's top priorities once in government will be to establish Infrastructure NSW, an independent advisory body that will set the pipeline for projects across the state, and set up a new capital fund to finance them, Restart NSW.

Max Moore-Wilton, former head of the Prime Minister's Department under John Howard, has worked on the policy with Mr O'Farrell and would be a likely contender for chairman of the infrastructure board.

It would develop a 20-year spending strategy and Mr O'Farrell plans to seed a new capital fund with an estimated \$1.2 billion in proceeds from leasing the operation of the

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desalination plant to the private sector, borrowings and any budget surplus that comes in above forecast.

He also wants to start the process of rewriting the Planning Act, so that legislation is through the Parliament by the end of his second year.

Mr O'Farrell will use former Victorian premier Jeff Kennett's "crane test" to judge his success in kick-starting the NSW economy. How well he does will be reflected in the number of cranes on the skyline.

But any reference or comparison with the rampaging Mr Kennett, whose program of debt reduction, sweeping privatisations and public service cuts turned around the Victorian economy, ends there.

Mr O'Farrell appears annoyed

that people expect a Kennett-style revolution in NSW, having copped some criticism, including from federal opposition leader Tony Abbott, about his "small target" strategy. That has led to some unfavourable comparisons between Mr O'Farrell's plans and Mr Kennett's action-packed first term.

"I think if people went back and looked at the policies released by Mr Kennett before the Victorian election, they would be surprised if they compared them to the more rigorous policies we put out," he says.

"Kennett had a two-thirds majority in both Houses, which means that any attempt at similarity ends there. There's no scenario that has us in control of the Upper House.

"One of the reasons why we're

out there with all of our plans ... is because we understand we need a mandate."

Mr O'Farrell would opt out of the "interstate investment and cooperation" agreement when it comes up for renewal next year. It's essentially an anti-bidding war agreement signed by all states except Queensland and is meant to stop them from offering big incentives to poach businesses and events.

"There will be no gentleman's agreement between me and any other state premier," Mr O'Farrell said. "We have to get more competitive in the tax space, in the regulation space and in proactively bidding whether it's for major events, for finance, for infrastructure projects or whether its for the best human capital to come in and turn the state around."

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