



Media Release

COMMONWEALTH BANK SEES BRIGHT FUTURE FOR PUBLIC PRIVATE PARTNERSHIP (PPP) STRUCTURES

Sydney, 15 August 2001. The Commonwealth Bank Group told a Government policy conference today that Public Private Partnerships (PPP) will increase significantly in importance to support the growing need for social infrastructure.

“Australian governments face public pressure to provide social infrastructure, such as improved housing, schools and hospitals, and will grow more dependent on private sector support,” according to Jim Longley, Senior Finance Executive, Government Finance at the Commonwealth Bank Group.

“Public sector expenditure has declined from 6% of GDP in the 1980s to just under 3% of GDP in 2001. Public Private Partnerships have become recognised as a viable solution for governments in meeting the growing demand for social infrastructure, Mr. Longley said.

“Under PPP structures, private companies take a lead role in the design, financing and ancillary services delivery such as maintenance of public projects. Government retains the responsibility for core service.” Mr. Longley said.

The Bank believes that projects structured as PPPs would enable infrastructure such as schools to be completed at a faster rate than fully government-run development, in some cases years earlier, and at a lower cost over the life of the project.

“Significant new market opportunities have arisen from the growth of more sophisticated Government contracts for PPP” commented Mr. Longley.

In the past PPPs were mainly assigned to the development of economic infrastructure such as roads or rail systems and allowed construction companies the opportunity to win public contracts.

“Increasingly, however new social infrastructure projects are looking to the PPP model, enabling service-oriented industries to tap into the public sector market and become major stakeholders” added Mr. Longley.

Ancillary services such as cleaning, maintenance, design and refurbishment would also be allocated to the private sector in PPP deals. This would provide better integrated services at lower costs, and give niche service markets a greater share of contracting government business.

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