



Economist slams Govt hospital buy

Taxpayers to 'pay more'

By TOM SKOTNICKI

THE GOVERNMENT cannot justify the purchase of Calvary Hospital, according to a senior local economist.

The ACT Government is proposing to pay \$77 million to acquire the Calvary Public Hospital from the Little Company of Mary Health Care.

Terry Dwyer, in a document prepared for the community consultation process, said the cash cost of the purchase of the hospital over 20 years was calculated by the ACT Treasury at \$535 million, significantly more than if it stayed in its existing ownership.

It was revealed exclusively by *The Canberra Times* in April that the ACT Government and the Little Company of Mary had been in secret talks over the sale since last year.

On October 1, the ACT Government announced a six-week consultation period after it revealed it proposed to proceed with the purchase of Calvary Hospital and sell the ACT's only hospice, Clare Holland House, to LCM for \$9 million.

The ACT Liberals have announced they will oppose the sale but the fate of the hospital

rests with the Greens.

The Opposition claimed there was no advantage in having Calvary run by bureaucrats.

Dr Dwyer stated in the document, "To sum it up, the Treasury analysis shows that, far from saving money, the proposed Government takeover of Calvary Hospital means the people of the ACT are to be made to pay extra tax to the tune of \$160 million in cold hard cash [\$535 minus \$375 million] to pay for an 'alteration of the service mix' in an existing public hospital which will do nothing to improve services to an ageing population."

Chief Minister Jon Stanhope has previously said that on an accounting basis the sale would save the ACT Government \$147 million.

Dr Dwyer also objected to the sale for moral reasons because it would lead to abortions taking place at the hospital.

However, he said even if there was no moral objection, there were far better uses for the \$160 million of public money such as researching new cancer treatments.

He said arguments that the Government would not pay for

assets it did not own were ridicu-

lous as it had consistently paid money toward non-government schools and was also paying for the Cotter Dam which was on Commonwealth land. He also suggested the policy could be in breach of the Australian competitive neutrality principles under which Australian governments ensure private operations are dealt with on an even footing to government-owned enterprises.

Dr Dwyer also said if governments never paid for assets they did not own this would threaten the basis of the private sector's investment in infrastructure.

He ridiculed the claim that the arrangement whereby the Government paid for services at Calvary could affect the ACT credit rating. "If this were true, the ACT would NEVER sub-contract anything," he said. He pointed out the Prime Minister Kevin Rudd's wife had built a successful business by sub-contracting government services and what was important was the total cost of providing the service and not some spurious accounting issue.