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20 January 2023

Hon. Anthony Albanese       **albanese**[**.mp@aph.gov.au**](mailto:jim.chalmers.mp@aph.gov.au)   [**a.albanese.mp@aph.gov.au**](mailto:a.albanese.mp@aph.gov.au)

The Prime Minister, Australian Labor Party                                                                                        PO Box 6022, House of Representatives, Parliament House                   
Canberra ACT 2600                                                                               

c.c. [richard.marles.mp@aph.gov.au   jim.chalmers.mp@aph.gov.au   stephen.jones.mp@aph.gov.au](mailto:richard.marles.mp@aph.gov.au)

Dear Mr Albanese

[**Commonwealth Govt "payments effectively supports about 46% of the six States annual fiscal expenditure"**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CommGovtFundingStates\Part_1.Overview.htm)**.**

[**The Commonwealth Govt is obligated/responsible under the Australian Constitution to ensure that those *Public Purse* fundings are expended cost-effectively and objectively for the betterment of the peoples of the States.**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\sect_51,96,97,98.htm)

**The** [**Writer**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm) **prepared much of** [**Annexure A**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\Annexure_A.htm) **in order to write his** [**Discussion Paper**](http://muggaccinos.com/StateGovtRailInfrastructure/Discussion_Paper.htm) **that chronicles the enormous waste of the** [***Public Purse***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Public_Purse.htm)**, ostensibly by Australia's State Govts preoccupation with** [***pork-barrelling***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\pork-barrelling.htm)**/** [**grey crime**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\GrattanInstitute\‘Grey_corruption’_cuts_our_living_standards.htm) **/ conflicted Govt decision making, amidst no understanding of cost-benefit analysis that would establish if the quantified tangible and intangible benefits of the pursued infrastructure project exceed the quantified tangible and intangible costs.**

**The below identified '**[**16 Reasons**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Prime_Minister\16_reasons_to%20leglislate_States_to_submit_CCBA_to_PD.htm)**' behoove the Commonwealth Parliament** **to rely upon** [**SECT 96**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)**,** [**SECT 97 Audit**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)**and**[**SECT 98**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)**of the Australian Constitution to enact parliamentary legislation to halt Australia’s six States continuing a costly '*learn from your mistakes*' infrastructure project stratagem to further waste $5 billion *circa* of** [**the 46% of Australia’s six States revenue expenditure**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CommGovtFundingStates\Part_1.Overview.htm) **(funded by the Commonwealth annually).**

**New Commonwealth legislation is warranted to obligate Australia's six States to submit a** [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) **to** [**Australia's *'productivity expert'***](http://www.pc.gov.au/) **at least six weeks prior to** [**Financial Close**](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Financial_Close.htm) **for each prospective transport and communications infrastructure project with a forecast *Capex* exceeding $20 million, initially limiting this obligation to rail infrastructure projects.**

**In August 2009 a landmark (40 pgs) Productivity Commission paper** [**THE SOCIAL LOSSES FROM INEFFICIENT INFRASTRUCTURE PROJECTS: RECENT AUSTRALIAN EXPERIENCE**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\ProductivityComm\SSRN-id1465226.pdf) **-** [**published on the Productivity Commission website**](https://www.pc.gov.au/research/supporting/strengthening-evidence/08-chapter6.pdf)**offered for the** [**Productivity Commission**](http://www.pc.gov.au/) **"**[***to be a centre of excellence for cost–benefit analysis within the Australian Government***](https://muggaccinos.com/StateGovtRailInfrastructure/ProductivityComm/CentreOfExcellence.jpg)**"** ([**bottom of page 162**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\ProductivityComm\ProductivityCommission_08-chapter6.pdf)**)**

**Completing and submitting a** [**Conforming C-BA**](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Conforming_Cost-Benefit_Analysis.htm) **for appraisal *at arm's length* by a specialist, objective third partyis a lot cheaper than charging into demolition/construction and learning from often exceedingly costly project management oversights*,* thereby enabling a good deal more of the**[***Public Purse***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Public_Purse.htm)**to be directed to aged care, child care, youth allowance, nursing*,* flood relief, road repairs *et al.***

**The *problem* (**[***pork-barreling***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\pork-barrelling.htm) **/** [**grey crime**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\GrattanInstitute\‘Grey_corruption’_cuts_our_living_standards.htm) **/ conflicted Govt decision making) is *deep rooted, unfair, wasteful* and *longstanding*.  The *solution* is *swift, simple* and *steadfast.***

**1st Reason - The Australian Constitution -  
►** [**SECT 51 and SECT 98**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\sect_51,96,97,98.htm) **provides for the Australian Parliament to make laws regarding States expenditure on "...**[**railways the property of any State**](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consol_act/coaca430/s98.html)"**; and   
►** [**SECT 97 'Audit'**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\sect_51,96,97,98.htm) **requires the Commonwealth Govt to evidence that** '**Financial assistance to States**' **is expended cost-effectively** 

[**SECT 96** '**Financial assistance to States**](https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=CONSTITUTION;id=constitution/constitu/constitution96.doc;query=Id:%22constitution/constitu/constitution114.doc%22)' of the Australian Constitution allows the Commonwealth Parliament to make financial grants to the States predicated "**...on such terms and conditions as the Parliament thinks fit**....".  Due to the magnitude of the on-going annual tax payer wastage evident in [**Annexure A**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\Annexure_A.htm) and hereunder**,** [**SECT 96**](https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=CONSTITUTION;id=constitution/constitu/constitution96.doc;query=Id:%22constitution/constitu/constitution114.doc%22) behooves the Commonwealth Govt. to '*Centralise*' responsibility for measuring, quantifying and ranking all proposed infrastructure projects with forecast *Capex* >$20m upon the Commonwealth [**Productivity Commission**](http://www.pc.gov.au/)**.**

Below are the two aforementioned sections of the Australian Constitution (SECT 51 and SECT 98) that obligate the Commonwealth Govt to enact new laws to '*Centralise*' responsibility to ensure that all future major State infrastructure projects are robust and cost-effective and do not waste the Commonwealth Govt's [***Public Purse***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Public_Purse.htm):

[**SECT 51(i) of the Australian Constitution enables the Parliament of Australia to make laws with respect to**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter1/Part_V_-_Powers_of_the_Parliament):

**"trade and commerce with other countries, and among the States**;"

[**SECT 51(xxxiv)**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter1/Part_V_-_Powers_of_the_Parliament)[**of the Australian Constitution enables the Parliament of Australia to make laws with respect to**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter1/Part_V_-_Powers_of_the_Parliament)

**"railway construction and extension in any State with the consent of that State;"**

[**The meaning of trade and commerce is clarified in the below extract of SECT 98 of the Constitution includes navigation and State railways**](https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=CONSTITUTION;id=constitution/constitu/constitution98.doc;query=Id:%22constitution/constitu/constitution114.doc%22)**:**

**"The power of the Parliament to make laws with respect to trade and commerce extends to navigation and shipping**, **and to railways the property of any State**."

**2nd Reason -  Garry Bowditch, chief executive of University of Wollongong's SMART infrastructure research group called for release of a robust cost-benefit analysis before charging into new complex projects**

Below are extracts from SMH article '[**Humiliating' infrastructure cost blow-outs near $5b a year**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\SMH_TheAge\Humiliating_infrastructure_cosybloe-outsindex.htm) - SMH - August 13, **2014**:

"............................**governments needed to be more transparent about their Reasons for choosing which projects to build and how much it cost to build them**, **including releasing cost-benefit analyses**, Garry Bowditch said.

"Governments should be front-footed about explaining their decisions," he said. "They have every right to make a decision between a desalination plant and a hospital, **but the public should be brought into their confidence as to how that decision was made**."

**The NSW and Victorian governments are being challenged by taxpayers to explain the business cases for big new projects**, including [**Sydney's $11.5 billion WestConnex motorway**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\SMH_TheAge\$1_billion_cost_blowout_in_Westconnex_to_Syd_Airport.htm) and Melbourne's $8 billion East West Link motorway."  "[**There's no money, there's absolutely no money. It's a complete fraud,**](https://www.9news.com.au/national/melbournes-east-west-link-officially-dead-as-construction-begins-for-the-suburban-rail-loop/8b51f686-c610-4f8b-965c-4a4693f6113a)" incoming Labor Minister, Catherine King said re cancelling the East West Link motorway.

**3rd Reason - An embarrassment of critical state auditor general reports and a myriad of fault-finding newspaper articles written by seasoned transport and infrastructure journalists**

[**Annexure A**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\Annexure_A.htm)chronicles an embarrassment of critical reports and fault finding newspaper articles (well over 100 critical documents) that record the above-mentioned August 2014 estimate of $5 billion in cost blowouts annually on infrastructure projectshas doubled). Sadly [**Annexure A**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\Annexure_A.htm)evidences that $8 billion to $10 billion of taxpayer funded dollars have been squandered annually (in the last three years) on poorly planned and inadequately appraised *'rail and road infrastructure projects'* resulting in **cost blowouts**, **completion delays** and **usage/patronage paucity.**

[**Matt O’Sullivan**](https://www.smh.com.au/by/matt-o'sullivan-hvehy) and [**Katina Curtis**](https://www.smh.com.au/by/katina-curtis-p4yw01) (SMH), [**Katherine Murphy**](https://www.theguardian.com/profile/katharine-murphy) (The Guardian), [**Bernard Keane**](https://www.crikey.com.au/author/bernardkeane/) (Crikey) and [**Marion Terrill**](https://grattan.edu.au/report/the-rise-of-megaprojects-counting-the-costs/) (The Grattan Institute) have reported extensive [***pork-barreling***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\pork-barrelling.htm) (expending other peoples monies for their party’s political benefit) generally on new projects without publishing a [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) **(**[**as required on the Prime Minister's website since March 2020**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\Cost-Benefit_Analysis_March-2020.htm)**)** that would -

a)    evidencea **positive** and **demonstrative** [**NPV**](https://www.investopedia.com/terms/n/npv.asp)**;** and

b)    identify genuine, viable, alternative policy options for analysis. That $8 billion to $10 billion *in toto* annually could have been directed to aged care, child care, [**youth allowance**](https://www.news.com.au/finance/money/wealth/youth-allowance-payment-increases-from-january-1-as-acoss-calls-for-higher-increase/news-story/68e54bccc5d179e630856f149e472957)**,** flood relief, nursing and road repairs.

**4th Reason -  *[Pork-barrelling](https://www.smh.com.au/politics/federal/a-cancer-on-our-democracy-how-to-fix-australia-s-pork-barrelling-crisis-20220425-p5afsy.html)* - utilising the** [***Public Purse***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Public_Purse.htm) **on projects to win votes has been *rife and unchecked* for too long**

[**Danielle Wood**](https://www.smh.com.au/by/danielle-wood-p4yvv3)CEO of the Grattan Institute article [***Grey corruption* cuts our living standards**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\GrattanInstitute\‘Grey_corruption’_cuts_our_living_standards.htm) **.......** - Feb 2022 notes "Decades of economic research have illuminated the relationship between government corruption and economic stagnation.  It has also identified the Reason corruption is such a handbrake on growth."  It lists the following four consequences of government corruption:

a)    Increases uncertainty around investment decisions

b)    Influences the level and type of government spending.

c)    Results in more red tape and regulation.

d)    Erode some forms of “civic” or “social capital” – essentially the trust between fellow citizens.

[**Political parties spending taxpayer money on campaign advertising**](https://www.smh.com.au/national/victoria/political-parties-must-stop-spending-taxpayer-money-on-campaign-advertising-20221007-p5bo3w.html) "[**A Grattan Institute report released 10 Oct 2022 confirms what we all suspected: that government spending on taxpayer-funded ads consistently spikes in the lead-up to elections**](https://grattan.edu.au/report/new-politics-depoliticising-taxpayer-funded-advertising/)."

[**Politicised taxpayer-funded advertising**](https://www.smh.com.au/politics/federal/politicised-taxpayer-funded-advertising-is-costing-us-a-fortune-20221005-p5bnep.html)  "Weaponising taxpayer-funded advertising for political advantage wastes public money, undermines trust in politicians and democracy, and creates an uneven playing field in election campaigns. Something has to change."

[**Michelle Grattan**](https://theconversation.com/profiles/michelle-grattan-20316) article August 2022 "[**Crossbencher, Helen Haines, on Morrison and integrity**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\GrattanInstitute\crossbencher,_Helen_Haines.htm)" includes  -

        "She argues that “public money being spent for political gain through so-called rorting or pork barrelling is potentially corruption.”

*Crikey* article (16 Jan 2020) "[**Anatomy of a rort: how the Coalition spent $100 million in grants to help its election campaign**](https://www.crikey.com.au/2020/01/16/bridget-mckenzie-sports-rort/)" accused then Nationals Sports Minister, Bridget McKenzie, who oversaw the use of a $100 million sports allocation program, of the most blatant rorting of a grants program "ever seen",  to help the Coalition win the 2019 election.  [**The tiny Yankalilla Bowling Club in the SA marginal seat of Mayo received a cheque for $127,373 from Liberal Candidate for Mayo, Georgina Downer, to win votes**](https://www.abc.net.au/news/2019-03-22/georgina-downers-bowls-club-cheque-to-be-investigated/10928020). [**Little wonder the locals were so elated**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Crikey\Mayo_Georgina_Downer.jpg).

SMH article [***A ‘cancer on our democracy’: How to fix Australia’s pork-barrelling crisis***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\SMH_TheAge\A_‘cancer_on_our_democracy’.htm)bysenior economics writer**,** [**Jessica Irvine**](https://www.smh.com.au/by/jessica-irvine-1mfrxv)(April 26, 2022) highlights the huge cost to the *Public Purse* due to a deficit of published C-BA for grants programs and calls for Australia's political parties to submit their largesse policies for confidential costing by the [**Parliamentary Budget Office**](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office)prior to the election campaign:

"Few Australians begrudge the money governments spend on public goods and services **which pass a cost-benefit analysis and enhance our national quality of living.** Good schools, hospitals, roads and welfare for the less fortunate, for example.  **But the election-time flurry of spending in marginal seats is a growing cancer on our democracy.**"

Former NSW Treasurer, [**Andrew Constance**](https://www.smh.com.au/national/nsw/andrew-constance-set-to-resign-from-nsw-parliament-for-federal-tilt-20211003-p58wqo.html)**,** was adept at *Bunging on the Bulldust* to justify simply indefensible costly NSW transport infrastructure projects and then deceitfully shelved the cost off-balance sheet into **“**[**Transport Asset Holding Entity**](https://tahensw.com.au/)“ which the [**NSW Auditor General, Margaret Crawford refused to accept**](https://www.afr.com/companies/transport/why-the-auditor-general-roasted-nsw-treasury-over-rail-assets-20220210-p59vdj):

* [**Vehicles for deception’: Transport plan fails the truth test**](https://muggaccinos.com/StateGovtRailInfrastructure/SMH_TheAge/Vehicles_for_deception.htm)- SMH - Tony Harris former NSW Auditor-General -Aug 20, 2021.
* [**Former NSW auditor general blasts Coalition for attempting to 'reduce scrutiny of government' activities**](https://www.theguardian.com/australia-news/2020/nov/02/former-nsw-auditor-general-blasts-coalition-for-attempting-to-reduce-scrutiny-of-government-activities) - The Guardian - 2 Nov 2020
* [**Urban congestion funding for Coalition and marginal seats far outstrips safe Labor seats, report finds**](https://www.theguardian.com/australia-news/2022/mar/20/urban-congestion-funding-for-coalition-and-marginal-seats-far-outstrips-safe-labor-seats-report-finds)- The Guardian - 20 Mar 2022
* [**Liberal MP: Politicians ‘addicted’ to buying votes, take spending out of their hands**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\SMH_TheAge\Liberal_MP_John_Alexander.htm)-  SMH  -[**Matthew Knott**](https://www.smh.com.au/by/matthew-knott-hvf2k)27 March  2022
* [**How predictable: another megaproject has suffered another cost blowout**](https://grattan.edu.au/news/how-predictable-another-megaproject-has-suffered-another-cost-blowout/#:~:text=The West Gate Tunnel project,common and all too predictable.)  Grattan Institute  Marion Terrill - 11 Aug 2021
* [**They keep bringing a bigger barrel**](https://grattan.edu.au/news/they-keep-bringing-a-bigger-barrel/) - Grattan Institute - Marion Terrill  -  21 Mar 2022

**5th Reason - Stealing from the** [***Public Purse***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Public_Purse.htm) **for one's own political gain is no different to stealing from one's employer for personal gain**

If an employee embezzles $100,000 or so from his/her employer and is apprehended, he/she will be Sentenced to a term in jail as Punishment and as a Deterrent to others.  If a brazen bank robber steals at gun point $40,000, he/she would also be Sentenced a similar Punishment for their theft.

Australia's laws have to change to render politicians that steal from the *Public Purse* for their own personal benefit, or their party's benefit, on projects to win votes, without submitting a [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) to the Productivity Commission, should be similarly subject to jail incarceration Punishment if the Politician/s cannot refund the wasted millions or billions.  [**Australia's legislators have been s*low to learn* from political corruption in NSW**](https://www.abc.net.au/news/2020-10-15/nsw-history-of-corruption-icac/12767346).

The pertinent State or Treasury Minister/s could be litigated under both criminal law and civil law if she, he or they failed to provide a [**CC-BA**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm), and the particular costly project was found to be materially uneconomical – meaning the construction and operating costs were far greater than patronage revenues from travelling passengers/users/vehicles, and alternative bus transport was demonstrably cheaper and more flexible to '*user demands*':

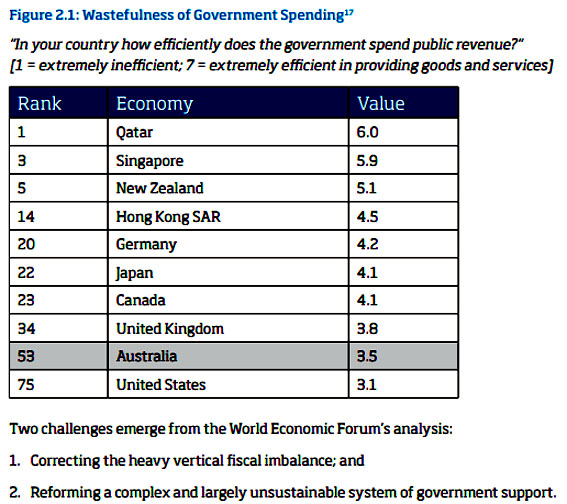
·        The pertinent State or Territory ‘Treasury Dept’ that provided funding for the infrastructure project could litigate the Minister/s for financial damages if it was found that the pertinent Minister/s failed to undertake requisite ‘due diligence’ by submitting a [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm), but rather exhibited gross negligence and willful misconduct in appraising the utility of the infrastructure project and the project failed to achieve the Minister’s claims/assurances.

·         A Class Action could be run through the civil courts against the particular Minister/s by citizens that suffered a financial loss as a result of the particular State or Territory infrastructure project, provided independent appraisals reported that the infrastructure project waslargely *concocted on the back of an envelope* without having *lined up requisite Wooden Ducks* specified in a [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm).

**6th Reason - Australia ranks a lowly 53rd in the World Economic Forum Competitiveness Index measure of efficient public spending**In March 2017 the Menzies Research Centre published "[**The Shepherd Review - Statement of National Challenges - Why Australians are struggling to get ahead**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\BondUniversity\Shepherd+Review+2017.pdf)".  Below is an extract from page 15 that identifies that Australian Govt spending ranks a lowly 53rd in the World Economic Forum Competitiveness Index measure of efficient public spending (Figure 2.1 below):

"**Effective and efficient government spending is a prerequisite to boosting productivity and improving public sector performance**, which in turn is critical to our growth as an economy.

**Regrettably, the effectiveness of government programs and grants is seldom reliably assessed**. They tend to be measured by inputs rather than outcomes and too little attention is paid to inefficient and duplicated spending between the Commonwealth and the States.  **Australia ranks a lowly 53rd in the World Economic Forum Competitiveness Index measure of efficient public spending (Figure 2.1)**. This is particularly relevant in a time when governments around the world are being asked to “do more, do it better, and do it with the same amount of taxes”.16

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[**On 26 June 2017 Tony Shepherd delivered an address at Bond University that asserted that Federal; Govt. spending is inefficient by global standards**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\BondUniversity\e_economic_challenges_facing_Australia.htm).  Below is an extract from his address:

"2. Effective and accountable government which works for the people and gives a clear sense of control and accountability. **Federal spending is inefficient by global standards given the vertical fiscal imbalance and unsustainable and growing legislated commitments. There is significant waste at all levels of government.** Australians have the right to feel secure but not entitled. We cannot leave our children and grand-children a mountain of debt to fund our entitlements. The baby boomers were great at creating wealth, but are even better at spending it. *The Magic Pudding is an Australian fable not a budget recipe."*

**"4................The quality of our infrastructure lags behind even developing countries like Thailand and Kenya....."**

**7th Reason - Menzies Research Centre report provides a 'red flag' warning of the consequences of inefficient public spending - "Labor might recover the taste for reform that characterised the Hawke-Keating years."**

Below are extracts from [**A wake-up call for the spendthrift political class**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\TheAustralian\A_wake-up_call_for_the_spendthrift_political_class.htm) - The Australian – Jan 2017:

" ...............in the lead-up to the budget. Malcolm Turnbull, Scott Morrison and Mathias Cormann must take voters into their confidence, explaining that **without fiscal repair, it is the most vulnerable Australians who will suffer in the long run**.....If Australia’s structural deficit continues to grow, **it will compound the nation’s fiscal deterioration and ultimately limit the government’s options with respect to its discretionary spending. Australians most in need will suffer most.’’**

If the Opposition, which has specialised in blocking necessary spending cuts since the 2014 budget considered the report objectively, **Labor might recover the taste for reform that characterised the Hawke-Keating years.**

After repeatedly ignoring warnings in the Intergenerational reports about preparing for the economic costs of an ageing population, politicians on all sides must accept that current government spending is unsustainable..................... crunch time has arrived. **The longer remedial action is postponed the more painful it will be**."

**8th Reason -  No state or territory is immune from irresponsible planning of major infrastructure projects during recent years to the detriment of the *Public Purse*:  
News.com article** [**Taxpayers pick up tab for billions wasted on megaproject blowout bungles**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\news,com\taxpayers_pick_up_tab_for_billions_wasted.htm) **(May 2021) evidences that no state or territory has displayed responsible planning of major infrastructure projects**

**NSW**  
I[**n Nov 2013 the NSW Government announced the business case details for a Central Business District and South East Light Rail**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\EastSydneyLightRail\LeglislativeCouncil_SydneySW_light_rail_investigation.htm) **("[CLSER"), with an estimated cost of $1.6 billion, and purportedly almost $4 billion worth of benefits](file:///F:\\Documents\\My%20Web%20Sites\\Muggaccinos\\StateGovtRailInfrastructure\\EastSydneyLightRail\\LeglislativeCouncil_SydneySW_light_rail_investigation.htm)**.  [**The NSW Auditor-General Report dated 11 June 2020 estimated total cost to be $3.147 billion - virtually double the original cost forecast**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\EastSydneyLightRail\Auditor_General_Report_June-2020.htm) as in [**Nov 2013, the project business case summary estimated the CSELR would cost $1.6 billion**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\EastSydneyLightRail\Auditor_General_Report_Nov-2016.htm).[**Legal battles cost NSW Govt to settle with the Spanish contractor, Acciona, an additional $576 million**](https://www.smh.com.au/link/follow-20170101-p4zlz0). [**CSELR was completed a year late**](https://www.smh.com.au/link/follow-20170101-gwhumf) causing [**significant traffic disruption to businesses and residents**](https://www.smh.com.au/link/follow-20170101-p507fv).  [**$60 million was paid out for the small business assistance package due to extended disruption**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\EastSydneyLightRail\Auditor_General_Report_June-2020.htm).  Refer [**History of CSELR** **cost increases and construction delays**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\history_of_CSELR_cost_increases.htm)**.**

[**Creative accounting hides $4b WestConnex blowout**](https://www.governmentnews.com.au/creative-accounting-hides-4b-westconnex-blowout/) **- NSW Auditor General reveals.**

On 15 May 2022 the NSW Govt has announced it will tunnel 11km into the Blue Mountains from Blackheath to Little Hartley (upper Blue Mountains) relying upon an“[**in-depth feasibility analysis and extensive investigation process**](https://www.nsw.gov.au/media-releases/australias-longest-road-tunnel-locked-for-blue-mountains)**”** that **“**[**confirmed the 11-kilometre toll-free tunnel from Blackheath to Little Hartley as the preferred option**](https://www.nsw.gov.au/media-releases/australias-longest-road-tunnel-locked-for-blue-mountains)**“**.  This it is public money being expended ‘*out in the boondocks*’ either side of Mt Victoria in th Upper Blue Mountains - hardly high traffic territory.  Is the proclaimed “[**in-depth feasibility analysis and extensive investigation process**](https://www.nsw.gov.au/media-releases/australias-longest-road-tunnel-locked-for-blue-mountains)**”** open to public scrutiny?  What are the forecast traffic/patronage projections?  What are the forecast construction costs?  What are the operating costs.  What are the tunnel refurb costs every 10 years?  What tunnel water leakage costs are anticipated?

The NSW Auditor-General reported that the NSW Govt could have saved up to $25 million on the cost of the $38 million [**Albert Tibby Cotter Walkway at Moore Park**](https://www.audit.nsw.gov.au/media-release/albert-tibby-cotter-walkway).  For over 300 days each year, virtually no one uses it.  The former set of traffic lights that crossed ANZAC Pde would have disrupted vehicles only when a big match was being played at the SCG, or former SFS.  Traffic lights to enable patrons to cross the light rail to the SCG would similarly only disrupt for a big match, in the same manner that pedestrian traffic lights have disrupted vehicle flows across Australia for at least 60 years.

**Victoria**  
[**Ballooning costs for Melbourne’s West Gate tunnel**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\VictorianLiberalParty\Labors_West_Gate_Tunnel.htm) that could have been resolved before contracts were signed. [**Melbourne’s West Gate Tunnel project was awarded to Transurban after the firm approached the Victorian Government with a proposal. However an Auditor-General's report questioned whether the project should have been put out to tender. The project is now running late and costs are rising.**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\VictorianLiberalParty\Labors_West_Gate_Tunnel.htm)

[**LABOR’S WEST GATE TUNNEL CHAOS CONTINUES WITH LATEST BLOWOUT.**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\VictorianLiberalParty\Labors_West_Gate_Tunnel.htm)  
[**Former CEO of V/Line, James Pinder, charged with four allegations of misconduct in public office, four charges of receiving secret commissions, and one charge of conspiracy to solicit secret commissions, the Independent Broad-based Anti-Corruption Commission’s (IBAC) says. Mr Pinder and a former manager at Metro Trains are among seven people charged following an investigation by IBACC into serious corrupt conduct in V/Line and Metro’s tendering and procurement processes**](https://www.governmentnews.com.au/former-head-of-v-line-charged-after-corruption-probe/).

**Queensland**

"Queensland’s “New Generation Rolling stock” debacle was due to rushing to market; a stunning display of ineptitude.  Qld's fancy [**new trains were ordered to a specification determined by the Queensland Government that breached Queensland’s own laws**](https://www.news.com.au/technology/innovation/design/queensland-rail-facing-legal-action-because-its-new-44bn-trains-are-basically-illegal/news-story/6a5bff8cf7706833b0eb41d6f81d06d2)**,** as they did not meet disability access legislation with the ludicrous result that a wheelchair user might not be able to squeeze between the seats to get to the supposedly disabled loos, which were in fact inaccessible for some disabled passengers.  The $4.4bn trains were essentially illegal with the state paying $361m to rectify the bodge job."

**South Australia**

"[**South Australia's largest infrastructure project, North-South Corridor project, with planning underway for the section between Torrens and Darlington, has suffered delays and cost blow outs with the completion date pushed backed to 2031.  "It was $9.9 billion prior to the state election which the Labor Party won.  $15 billion is now being spruiked.**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\ABC_News\South_Aust_Opposition_calls_on_Govt.htm)"

**Western Australia**

**"**[**WA’s Auditor General uncovered nearly $600 million worth of cost blowouts in selected state government projects — with the completion date for nearly half the works pushed back by a year or more**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\TheWestAustralian\mcgowan_government_slammed.htm)**.** [**For the second time in two years the McGowan Government was also whacked over its lack of transparency over major infrastructure projects, with Auditor General, Caroline Spencer, again appealing for more regular publicly released progress updates.  The Office of the Auditor General examined 17 major projects and found their combined budgets had ballooned from $5.11 billion when originally approved to $5.67 billion, an increase of 11 per cent**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\TheWestAustralian\mcgowan_government_slammed.htm)**.** [**Of 14 active projects audited, seven had their completion dates extended by a year or more — including the Forrestfield-Airport Link and Geraldton Health Campus redevelopment, neither of which is expected to open until two and a half years beyond its original completion date**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\TheWestAustralian\mcgowan_government_slammed.htm)**."**

**Tasmania**

[**Fourfold budget blowout for promised Greencard overhaul**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\TheMercury,Tasmania\Fourfold_budget_blowout_for_promised_Greencard_overhaul.htm)- The Mercury, Tas,- June 2022

[**$300 million Marinus cost blowout**](https://www.nationaltribune.com.au/300-million-marinus-cost-blowout/)- The National Tribune - 24 June 2022

**9th Reason -  '[State agencies warned about over-reliance on consultants](file:///F:\\Documents\\My%20Web%20Sites\\Muggaccinos\\StateGovtRailInfrastructure\\Government,news\\state_agencies_warned_about_over.htm)' (governmentnews.com.au - 6 Jan 2023) cautioned/alerted about the pitfalls of over reliance upon potentially conflicted consultants**

"Between 2018 and 2022 the NSW government agencies spent $672 million on consultants with the ‘*Big 4*’ of KPMG, Ernst and Young, Pricewaterhouse Coopers and Deloitte the highest paid."

The very essence of the afore-supported[**Productivity Commission's**](https://www.pc.gov.au/inquiries/completed/infrastructure/report)2009 cautionary publication '[**THE SOCIAL LOSSES FROM INEFFICIENT INFRASTRUCTURE PROJECTS: RECENT AUSTRALIAN EXPERIENCE**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\ProductivityComm\SSRN-id1465226.pdf)**'** explained that Australia's State and Territory Govts were no longer equipped (due to relying upon out-sourcing) to adequately identify cost-effective robust infrastructure projects that had a positive [**NPV**](https://medium.com/swlh/npv-the-gold-standard-of-financial-decision-making-tools-6a7d41f1470b)and a [**Internal Rate of Return**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Internal_Rate_of_Return.htm)is greater than the project's [**cost of capital**](http://en.wikipedia.org/wiki/Cost_of_capital) ([***hurdle rate***](https://corporatefinanceinstitute.com/resources/knowledge/finance/hurdle-rate-definition/#:~:text=The hurdle rate is often,benchmark or cut-off rate.)*)* that will add value and not waste taxpayer dollars.

**10th Reason - Landmark report** [**Sydney’s Rail Future - Modernising Sydney’s Trains - June 2012**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\SydneysRailFuture\sydney_s_rail_future_-_high_resolution.pdf) **sucked in a lot of unskilled engineering/accounting experts called *politicians***

SMH article [**Beneath Sydney, one of the world’s largest metro rail projects faces crunch**](https://www.smh.com.au/national/nsw/beneath-sydney-one-of-the-world-s-largest-metro-rail-projects-faces-crunch-20221212-p5c5il.html) (9 Jan 2023) notes that a landmark report [**Sydney’s Rail Future - Modernising Sydney’s Trains - June 2012**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\SydneysRailFuture\sydney_s_rail_future_-_high_resolution.pdf) (26 pgs), devoid of cost or revenues forecasts presented a [**long-term plan**](https://www.smh.com.au/national/nsw/sydney-transport-shake-up-plan-for-single-deck-metro-style-trains-and-second-harbour-crossing-20120620-20ngm.html) to boost Sydney's rail network’s capacity.  It professed the need for a rail spine under the CBD to ease pressure on the City Circle.

NSW's then transport chief, Les Wielinga, subsequently admitted it was “a very close thing” that the City and Southwest project became a reality due to opposition within parts of the new Coalition government at the time, and after the Keneally Labor government abandoned plans in 2010 for a [**seven-kilometre underground rail line**](https://www.smh.com.au/national/nsw/350m-wasted-on-metro-audit-reveals-20101202-18hcg.html) between Central Station and Rozelle in the inner west. “[The heads of Infrastructure NSW] Nick Greiner and Paul Broad were against it because they wanted to build large road projects. We had to fight Treasury, and we had to fight a number of government ministers who weren’t keen to spend that much money on a public transport system,” he says.

Alas, that June 2012 (26 pgs) exclusive pro-rail marketing paper that influenced a lot of politicians, with no understanding of a business case/cost-benefit analysis, believed that costly investment in rail tunnels was a vote winner.  There were no forecasts of rail patronage, meaning how may passengers would catch the new train services, or the fare revenue projections, or reductions in supposed existing road bottle necks, in order to render the proposed future predominantly tunnel projects cost-effective.

There were no costs forecasts.  The $ sign appeared only once in the 26 pgs sales pitch "The Transport Access Program is a new initiative to provide a better experience for public transport customers by delivering accessible, modern, secure and integrated transport infrastructure where it is needed most. The NSW Government has made available more than **$770 million over four years** to build key facilities and undertake much needed upgrade works at stations and interchanges."

Former NSW Premier, Gladys Berejiklian's understanding a cost-benefit analysis and associated cost-effective expenditure of other peoples' monies can be measured by her *"build it and they will come"* and *"turn up and go"* beliefs*/*slogans*.* The final section of the 26 pgs marketing spiel titled**ALTERNATIVE FUTURES CONSIDERED** didn't consider any alternatives to costly deep rail tunnels.  The document is presented by [**NSW Long Term Transport Master Plan Team Transport for NSW**](https://www.transport.nsw.gov.au/sites/default/files/media/documents/2017/nsw-transport-masterplan-final.pdf). Doubtless the contributors have done well from their one-eyed rail marketing efforts.

**11th Reason - An ageing population with a progressively increasing health care burden on the economy**

[**Australia's 'Centre For Population'  2022 POPULATION STATEMENT predicts a shrinking employment base and an ageing population that will live longer due to advances in medical science, but with an associated increased health care burden on the economy that must be provided for**.](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Population,gov-2022Statement\2022_population_statement__summary.htm)

[**Over next decade, Tasmania's population of residents aged over 85 years will double.  How will state cope '*dollarwise*'?**](https://www.abc.net.au/news/2023-01-08/tasmanias-over-85-population-to-nearly-double/101834212)

**12th Reason - *Fail to prepare, and prepare to fail***

Preparing a [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) (refer the [**Prime Minister's website since 2020**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\Cost-Benefit_Analysis_March-2020.htm)) for a sought-after major State infrastructure project requires a high level of skill, experience and expertise to identify and quantify all the associated tangible and intangible 'costs' and 'benefits' over a reasonable construction period (say 2 or 3 years) followed by operations/patronage revenue period (around 20 or 30 years, particularly for a [**Public Private Partnership**](https://www.treasury.sa.gov.au/about/our-minister/public-private-partnership-projects)) to calculate the [**Net Present Value**](https://www.investopedia.com/terms/n/npv.asp) and [**Internal Rate of Return**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Internal_Rate_of_Return.htm). Whilst necessary preparation can require hundreds of hours of collaborative work, it is time exceedingly well spent because during preparation of a [**Conforming C-BA**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm), a host of problems will be indentified and often determined/resolved at materially cheaper time/cost saving than if relying upon a flimsy C-BA and charging into earth moving works at substantially greater dollar cost and reputation damage.  The message is that skilled infrastructure experts preparing a [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) is infinitely cheaper and safer than the too often pursued *chest-beating, pork-barrelling* alternative.

The 'Concluding remarks' of [**The Impact of R&D Investment on Economic Performance: A Review of the Econometric Evidence**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\R&D\DSTI-EAS-STP-NESTI(2015)8.en.pdf) notes "..... researchers generally find **a positive and statistically significant impact of R&D on productivity and economic growth**." (pg 31).  A lot of R&D goes into creating a [**Conforming C-BA**.](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Conforming_Cost-Benefit_Analysis.htm)

**13th Reason -** [**Infrastructure Australia**](https://www.infrastructureaustralia.gov.au/) **-**

**a)       is not equipped to appraise/measure/audit** [**Conforming Cost-Benefit Analyses**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm)**; and**

**b)       is capable of assisting States prepare a** [**Conforming Cost-Benefit Analyses**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) **for appraisal *at arm's length* by the Commonwealth** [**Productivity Commission**](https://www.pc.gov.au/inquiries/completed/infrastructure/report)

[**An Assessment of Australia’s Future Infrastructure Needs - The Australian Infrastructure Audit - August 2019**](https://www.infrastructureaustralia.gov.au/publications/australian-infrastructure-audit-2019) *pitched* all sorts of infrastructure opportunities from energy, water, telecommunications, to social infrastructure such as hospitals, schools and parks.  In promoting its wares, the word ‘profitability’ appears only three times in 640 pages [**Infrastructure Australia**](https://www.infrastructureaustralia.gov.au/)publication.  The three words ‘cost benefit analysis’ appears only twice in this voluminous marketing manuscript.  Patently, the entity that published a 640 pages document in 2019 professing to be an Australian Infrastructure Audit, has no focus, or places no importance, on **auditing** the profitability/utility of "infrastructure opportunities from energy, water, telecommunications, to social infrastructure such as hospitals....".  Its focus is NOT on 'value for money', nor [**Return on Investment**](https://www.investopedia.com/terms/r/returnoninvestment.asp).

Hence, [**Infrastructure Australia**](https://www.infrastructureaustralia.gov.au/)  –

a)        is not equipped to, or interested in, appraising/measuring/auditing [**Conforming Cost-Benefit Analysis**](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Conforming_Cost-Benefit_Analysis.htm) for major infrastructure funded from the *Public Purse*; and

b)        would not be willing to be responsible for the mathematical costs and revenues forecasts therein in the manner that the [**Productivity Commission**](http://www.pc.gov.au/) offered to be in July 2009.

Below are two pertinent articles:

·         [**Of Australia’s 32 biggest infrastructure projects, just eight had a public business case**](https://theconversation.com/of-australias-32-biggest-infrastructure-projects-just-eight-had-a-public-business-case-166847)– The Conversation  - Marion Terrill

·         [**Infrastructure Australia:  Failing infrastructure wrecking productivity**](https://www.macrobusiness.com.au/2019/06/infrastructure-australia-failing-infrastructure-wrecking-productivity/) - June 13, 2019  **[Leith van Onselen](https://www.macrobusiness.com.au/leith-van-onselen/)** who previously worked at the *Australian Treasury*, *Victorian Treasury* and *Goldman Sachs*.

**14th Reason - High speed rail only remotely breaks-even for shorter journeys in exceedingly high population cities.  Bloomburg's focuses on the "...the environmental damage caused by building high-speed rail lines."**

Article[**HIGH-SPEED RAIL IS AN UNPROFITABLE TRAIN WRECK**](https://www.heartland.org/news-opinion/news/high-speed-rail-is-an-unprofitable-train-wreck)(1 Sept 2009) by visiting professor at Conservatoire National des Arts et Metiers,[**Wendell Cox**](https://www.heartland.org/about-us/who-we-are/wendell-cox), asserted the obvious, namely that the only high speed rail that is remotely able to '*break even*' are shorter major city routes in countries with very large populations eg. Paris-Lyon (427km) and Tokyo-Osaka (514km) routes.  [**The Eurostar service from Paris to London attracted less than one-half of the ridership forecast and required a government financial bailout 15 years ago.  A year ago it sought a second bail-out**](https://www.theguardian.com/business/2021/jan/17/eurostar-warns-of-risk-to-survival-without-government-help-covid-pandemic).

[**The high-speed rail system, Korea Train eXpress (KTX) that commenced in April 2004 carries little more than half the passengers originally projected**](https://www.researchgate.net/publication/263538829_Accessibility_Analysis_of_Korean_High-speed_Rail_A_Case_Study_of_the_Seoul_Metropolitan_Area).

Iñaki Barrón de Angoiti, director of high-speed rail at the [**International Union of Railways**](https://uic.org/) in Paris, said **"...high-speed rail is not a profitable business"**. The New York Times went on to report that he referred to the short Paris-Lyon and Tokyo-Osaka routes as the only ones in the world that have “broken even.”  [**www.newgeography.com/**](https://www.newgeography.com/) published [**HIGH-SPEED RAIL: TOWARD LEAST WORST PROJECTIONS**](https://www.newgeography.com/content/001344-high-speed-rail-toward-least-worst-projections)**.** Bloomburg's[**How Green Is High-Speed Rail?**](https://www.bloomberg.com/news/articles/2011-11-15/how-green-is-high-speed-rail)focused on the **"...the environmental damage caused by building high-speed rail lines..... When the emissions spewed by all those earth movers, tunnel boring machines, bulldozers, trucks, cranes, etc. are taken into account, the carbon advantage for HSR *vis a vis* air travel largely evaporates."**

**15th Reason - The true test of the cost-benefit merit of a proposed transport infrastructure project is "Are private sector equity consortia only interested in tendering to build the infrastructure?  Or are they queuing up to win a** [**BOOT project**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\ATLSEIP_Pilot\DefinedTerms\BOOT_Projects.htm) **under a** [**PPP**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\ATLSEIP_Pilot\DefinedTerms\PPP.htm) **contract with say a 30 years'** [**Concession Deed**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\BOOT_project\Concession_Deed.htm) **where the winning Joint Venture** [**SPV**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\ATLSEIP_Pilot\DefinedTerms\SPV.htm) **equity bidder shoulders construction risk because it expects to make an operating profit based on its** [**projected usage/traffic patronage**](https://www.bitre.gov.au/sites/default/files/2019-12/patronage_forecasting_symposium_d.pdf) **and the contracted formula to increase toll charges?**

ABC News article [**Sydney's growing toll road network world's most extensive and expensive**](https://www.abc.net.au/news/2019-02-26/sydney-has-most-toll-roads-in-the-world/10845944)informs"**In terms of the kilometres of tolls in the urban area, Sydney has the most in the world," said Chinh Ho, senior lecturer with the Institute of Transport Logistics Studies at the University of Sydney**.  Sydney has a record number of [**PPPs**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\ATLSEIP_Pilot\DefinedTerms\PPP.htm) for toll road infrastructure because it was easy for the NSW Transport to off-load construction and operations risk to Joint Venture[**SPVs**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\ATLSEIP_Pilot\DefinedTerms\SPV.htm) skilled in building and operating major traffic roads that rely upon reasonably accurate **traffic patronage forecasts** prepared by [**specialist traffic patronage forecasters**](https://www.bitre.gov.au/sites/default/files/2019-12/patronage_forecasting_symposium_d.pdf).  Transurban, John Holland, Lend Lease, Brookfield Multiplex, CIMIC Group (formerly Leighton Holdings) do not seem to be knocking down doors to take construction and operations risk for proposed new Australian rail projects under a PPP.  Perhaps because very few, apart from [**North West Metro**](https://johnholland.com.au/what-we-do/our-projects-and-specialisations/sydney-metro-northwest-metro-trains-sydney) (Chatswood to Tallawong station) owned by John Holland (under a PPP with NSW Transport) could ever be profitable because patronage will be so little, at least during the bulk of a 30 years' [**Concession Deed**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\BOOT_project\Concession_Deed.htm).

The [**Writer**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Writer\The_Writer_.htm) travels on trains and buses about four times a week using his Opal Card - generally during off-peak hours. Casual empiricism suggests that >85% of Sydney trains and buses had less than 20% occupancy prior to the onset of COVID-19 - trains/buses that ran before 6:30am, after 9am, before 4pm and after 7:15pm.  Due to virtually all written communications now carried over the internet using a plethora of different software and mobile phone messaging, the value of commercial office space has eroded.  COVID magnified that commercial property 'value collapse' with so many of the workforce working from home.  During morning/evening peak hour, our roads and railways are less used now than even five years ago with reduced congestion.  Little wonder the aforementioned major construction companies are disinterested in rail [**PPPs**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\ATLSEIP_Pilot\DefinedTerms\PPP.htm).

**16th Reason - *The problem is deep rooted, longstanding and a massive abuse of the Public Purse*.  *The solution is simple and can be immediate.***

Prior to retirement, this [**Writer**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm) worked for CBA for 37 years.  His final 19 years were in Infrastructure Finance. Some of the larger projects that he worked on were construction of Sydney Harbour Tunnel by Transfield/Kumagai.  He performed the Agent (fiduciary) bank role for 37  1st ranking debt financiers that funded $3.95b when Sydney Airport was privatised and Macquarie Airports Group purchased it.  He was the Agent bank when the Amsterdam company, Schiphol, purchased Brisbane Airports Corp. The [**Writer**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm)worked on over 40 large syndicated infrastructure loans during those 19 exhilarating years and was the fiduciary to over 50 global banks.

As alluded to in the above title to this letter and also in the **9th Reason** above, in Aug 2009 a landmark (40 pgs) Productivity Commission paper [**THE SOCIAL LOSSES FROM INEFFICIENT INFRASTRUCTURE PROJECTS: RECENT AUSTRALIAN EXPERIENCE**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\ProductivityComm\SSRN-id1465226.pdf) - [**published on the Productivity Commission website**](https://www.pc.gov.au/research/supporting/strengthening-evidence/08-chapter6.pdf) -

A.     identified concerns about Australia's State Governments' incapacity to undertake robust [**Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) for prospective transport and communications infrastructure projects; and

B.     offered for the Productivity Commission "[***to be a centre of excellence for cost–benefit analysis within the Australian Government***](https://muggaccinos.com/StateGovtRailInfrastructure/ProductivityComm/CentreOfExcellence.jpg)" **(**[**bottom of page 162**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\ProductivityComm\ProductivityCommission_08-chapter6.pdf)**).**

[**Below is an extract from section 6.4 Conclusions of 6. Evaluating major infrastructure projects: how robust are our processes?**](http://muggaccinos.com/StateGovtRailInfrastructure/ProductivityComm/ProductivityCommission_08-chapter6.pdf) ([**bottom of page 162**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\ProductivityComm\ProductivityCommission_08-chapter6.pdf)) written by Henry Ergas and Alex Robson that was published on the Productivity Commission website in Aug 2009:

**“We are not optimistic that changes to cost–benefit analysis processes alone can counteract these powerful trends. Nonetheless, we think three changes would have merit:**

•   a requirement for all cost–benefit analyses to be disclosed that would also highlight which projects had not been subjected to economic project evaluation

•   far greater and systematic auditing of cost–benefit analyses, both at the stage of the financing decision and post-project completion. In contrast, there is little or no such audit currently, and in many instances, cost–benefit analyses are not even updated, maintained or properly archived after the initial ‘go/no go’ decision is taken.

**•   the establishment of a centre of excellence or reference for cost–benefit analysis within the Australian Government, preferably in an independent entity, such as the Productivity Commission.”**

In layman’s terms, this ground-breaking paper [**published on the Productivity Commission website**](https://www.pc.gov.au/research/supporting/strengthening-evidence/08-chapter6.pdf) in Aug 2009 said (to the States) send us your prepared Cost-Benefit Analysis, that identifies/quantifies all the tangible and intangible costs and benefits for each proposed infrastructure project, and we will appraise it.  Then we will assist you render it compliant to calculate the projected profitability or loss, [**NPV**](https://www.investopedia.com/terms/n/npv.asp)**,** [**IRR**](https://www.sciencedirect.com/topics/engineering/internal-rate-of-return)and break even time frame.

**13th Reason** above asserts that [**Infrastructure Australia**](https://www.infrastructureaustralia.gov.au/)-

a)       is not equipped to appraise/measure/audit [**Conforming Cost-Benefit Analyses**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) because it is conflicted; and

b)       is capable of assisting States prepare a [**Conforming Cost-Benefit Analyses**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) for appraisal *at arm's length* by the [**Productivity Commission**](https://www.pc.gov.au/inquiries/completed/infrastructure/report)**.**

 The Commonwealth [**Productivity Commission**](http://www.pc.gov.au/) has a proven track record of performing its productivity measurements “*at arm’s length*”.  It is not conflicted in the manner that [**Infrastructure Australia**](https://www.infrastructureaustralia.gov.au/) patently is.

Australia’s Commonwealth Productivity Commission –

(i)        has the specialist cost-benefit appraisal expertise that Australia’s six States patently no longer possess; and

(ii)       would make objective decisions *at arm’s length*, and place its audit of each [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) submitted by a State or Territory Govt in the *Public Domain*  before [**Financial Close**](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Financial_Close.htm).

Largely out of frustration at the huge waste of the [***Public Purse***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Public_Purse.htm) when the NSW Liberal Govt duplicated/juxtaposed/paralleled an existing train line from Circular Quay to Central Railway station (3.2km) based on *back of the envelope* construction costs and zilch patronage forecasts, that effectively closed down Sydney's famous George St, the [**Writer**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm)researched/prepared much of [**Annexure A**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\Annexure_A.htm) in order to write his [**Discussion Paper**](http://muggaccinos.com/StateGovtRailInfrastructure/Discussion_Paper.htm)**.** His[**Discussion Paper**](http://muggaccinos.com/StateGovtRailInfrastructure/Discussion_Paper.htm) asserts*inter alia*thatNSWGovt diesel or electric buses **with rubber tyres** (not reliant upon a light rail network or needing electricity power supply overhead, or via a third rail) on the [**two CSELR routes to Randwick and Kingsford**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\CSELR.htm) over the next 50 years would have cost 10% *circa* of the $3+ bil to lay tram tracks and 50 years of operating costs of those overly frequent, heavy trams, that now have advertising stickers over the windows to conceal their emptiness.

Those *whopping* 120 tonnes 67 metres long [**CSELR**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\CSELR.htm) trams *don't run on the smell of an oily rag.* That 3.2km section of new duplicated/parallel tram/train tracks from Circular Quay to Central Railway station cost $1,000,000,000 *circa* due to successful litigation byboththe [**Spanish contractor, Acciona, for an additional $576 million**](https://www.smh.com.au/link/follow-20170101-p4zlz0)and local small businesses due to lost sales over the protracted track laying task because Transport NSW failed to inform [**Acciona**](https://www.smh.com.au/link/follow-20170101-p4zlz0)of utilities in the path (ostensibly electricity cables but also water, sewerage, drainage, gas) that needed to be relocated.

The [**Writer's**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm) [**Discussion Paper**](http://muggaccinos.com/StateGovtRailInfrastructure/Discussion_Paper.htm)asserts that [**the Commonwealth Parliament is legally obligated under the Australian Constitution to legislate that all States must submit a Conforming Cost-Benefit Analysis for each future State infrastructure project, requiring Capex >$20 million**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CBA\sect_51,96,97,98.htm) to the Commonwealth [**Productivity Commission**](http://www.pc.gov.au/) at least six weeks **BEFORE** [***Financial Close***](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Financial_Close.htm) for appraisal.  Initially restricting to proposed *'rail infrastructure projects'* for a year or two, because *"one needs to crawl before one can walk",* will save the six States *Public Purses* (that are [**46% funded by the Commonwealth**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\CommGovtFundingStates\Part_1.Overview.htm)) $4b *circa* annually.

That saving will over double annually after –

 A)   Australia’s States are required to also submit a [**Conforming Cost-Benefit Analysis**](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Conforming_Cost-Benefit_Analysis.htm) for each proposed **road** and **communications** infrastructure project to the Commonwealth [**Productivity Commission**](http://www.pc.gov.au/) at least six weeks **BEFORE** [***Financial Close***](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Financial_Close.htm) for appraisal; and

B)   Australia’s States become more familiar with measuring all the tangible and intangible costs and benefits, in particular applying plausible patronage/usage forecasts and not *Best Guess* scenario usage forecasts.

[**As the Productivity Commission further invests in C-BA resources/skill/expertise (employing additional economic analysts and civil engineers) to even better quantity its *Gatekeeper* ‘Public Purse’ safety net role, the *Gatekeeper* will reap additional economies of scale – not attainable by individual States**](http://muggaccinos.com/StateGovtRailInfrastructure/ProductivityComm/Productivity_Commission_enhancements-synergies.htm), that too often stab into the unknown and sometimes learn from their costly mistakes.

 A [**Conforming Cost-Benefit Analysis**](http://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Conforming_Cost-Benefit_Analysis.htm) would include a [**Base Case Financial Model**](http://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/base_case_financial_model.htm) of at least 20 years of projected future cashflows in a large Excel spreadsheet that –

**·**calcs that the [**IRR**](https://www.sciencedirect.com/topics/engineering/internal-rate-of-return) is higher than the [**hurdle rate**](https://corporatefinanceinstitute.com/resources/knowledge/finance/hurdle-rate-definition/#:~:text=) (required yield);

**·** the particular year after commencement of Operations that the revenues will equal the costs, known as the forecast breakeven point; and

**·**         ideally evidences a positive and demonstrative [**NPV**](https://www.investopedia.com/terms/n/npv.asp) that should not be negative.

Below is a vital requirement in the first of [**Nine Steps of a Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm):

**"Step 1: Specify the set of options**

Identify a range of genuine, viable, alternative policy options to be analysed. **You must consider at least three options, one of which must be non-regulatory**. Your agency is responsible for the choice of options.  A ‘*do nothing*’ or ‘*business as usual*’ option **will usually provide the *base case* against which the incremental costs and benefits of each alternative are determined**.  In some cases, doing nothing may be the best option available. Only costs and benefits that would not have occurred in the base case should be included in the C-BA."

All too often politicians rush into a favoured project without performing this vital 'objectivity test' of appraising/comparing at least two other options.

In July 2014 the Commonwealth Productivity Commission published [**Productivity Commission Inquiry Report into Public Infrastructure**](https://www.pc.gov.au/inquiries/completed/infrastructure/report) with recommendations to bringing down costs of infrastructure projects and minimise delays.  The report highlighted that whilst efficient infrastructure provides services which both improve productivity and quality of life; poorly chosen infrastructure can reduce productivity and financially burden the community for decades. A key message of the 2014 Productivity Commission report was that there is a need for a complete overhaul of poor processes currently used in the development and assessment of infrastructure investments. Reviewing a wide range of economic public infrastructure projects, the Productivity Commission found many examples of where inadequate processes and project governance have led to costly outcomes to users and taxpayers.

Since the above July 2014 publication, [**Annexure A**](https://muggaccinos.com/StateGovtRailInfrastructure/CBA/Annexure_A.htm)evidences that billions of taxpayer funded dollars have been squandered annually on poorly planned and inadequately appraised State*'rail infrastructure projects'* across Australiaresulting in cost blowouts, completion delays, usage/patronage paucity and Government ministers *ducking for cover.*

If the [***Public Purse***](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Public_Purse.htm) is going to be expended demonstrably more cost-effectively than over recent years, it is paramount that the [**Productivity Commission**](http://www.pc.gov.au/) audits each [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm)**.** Otherwise it will be a continuation of “*smoke and mirrors*” and too often in highly unprofitable infrastructure projects like [**Central Business District and South East Light Rail**](https://muggaccinos.com/StateGovtRailInfrastructure/Discussion_Paper-Section1.htm)that –

A.    cost double the initial provision/construction forecast because “[**In November 2013, the project business case summary estimated the CSELR would cost $1.6 billion**](https://muggaccinos.com/StateGovtRailInfrastructure/EastSydneyLightRail/Auditor_General_Report_Nov-2016.htm).- [**The NSW Auditor-General Report dated 11 June 2020 estimated total cost to be $3.147 billion - virtually double the original cost forecast**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\EastSydneyLightRail\Auditor_General_Report_June-2020.htm)”;

B.    took a year longer than predicted with lengthy disruptions to local small businesses that successfully litigated the NSW Govt due to lost sales; and

C.   destroyed Sydney’s iconic George St.

[**46% of State Govt infrastructure revenues are funded by the Commonwealth**](https://muggaccinos.com/StateGovtRailInfrastructure/CommGovtFundingStates/CommonwealthGovtFundingStates.pdf).  Hence, successive Commonwealth Govts, that have a legal obligation under the Australian Constitution to ensure that all revenue monies it allocates to the States are not wasted, has *sat on its hands for eons* in breach of [**SECT 96**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)**,** [**SECT 97 Audit**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)and[**SECT 98**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)of the Australian Constitution, seemingly due to conflicts of interest**.**

[**SECT 96** '**Financial assistance to States**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)' of the Australian Constitution –

A.     allows the Commonwealth Parliament to make financial grants to the States predicated **"...on such terms and conditions as the Parliament thinks fit....**".   Due to the magnitude of the on-going annual tax payer wastage evident in [**Annexure A**](http://muggaccinos.com/StateGovtRailInfrastructure/CBA/Annexure_A.htm)**,**[**SECT 97 Audit**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)behooves the Commonwealth Govt. to '*Centralise*' responsibility for measuring, quantifying and ranking all proposed infrastructure projects with Capex >$20m, upon the ‘*efficiency experts’*, namely the Productivity Commissionthat was createdas an independent authority by an Act of Parliament in 1998 to replace the Industry Commission, Bureau of Industry Economics and the Economic Planning Advisory Commission; and

B.    bestows a legal obligation upon the Commonwealth Govt to pass specific new laws to ensure that [**the 46% of Australia’s six States annual revenue expenditure**](http://muggaccinos.com/StateGovtRailInfrastructure/CommonwealthGovtFundingStates/CommonwealthGovtFundingStates_bp3_01_states.pdf) funded from the Commonwealth Govt is expended cost-effectively, meaning the quantified benefits (both tangible and intangible) exceed the quantified costs (both tangible and intangible).

Consequently, [**SECT 96**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)**,** [**SECT 97 Audit**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)and[**SECT 98**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)of the Australian Constitution behoove the Commonwealth Parliament to enact legislation to stop Australia’s six States further wasting billions of [**the 46% of Australia’s six States annual revenue expenditure**](https://muggaccinos.com/StateGovtRailInfrastructure/CommGovtFundingStates/CommonwealthGovtFundingStates.pdf)as evidenced in [**Annexure A**](http://muggaccinos.com/StateGovtRailInfrastructure/CBA/Annexure_A.htm) of my [**Discussion Paper**](http://muggaccinos.com/StateGovtRailInfrastructure/Discussion_Paper.htm).

Upon the above legislation being passed by the Federal Govt, the six States will be legally obligated to submit a [**Conforming Cost-Benefit Analysis**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Defined_Terms\Conforming_Cost-Benefit_Analysis.htm) to the [**Productivity Commission**](http://www.pc.gov.au/)at least six weeks prior to [**Financial Close**](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Financial_Close.htm)for each proposed new infrastructure project with a forecast *Capex* that exceeds $20,000,000  -  initially limited to rail infrastructure projects and broadening the scope to road and communications, thence also including waste/recycling and water infrastructure.

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[**Snapshot of the above '16 Reasons' why the Commonwealth Govt is obligated, pursuant to the Australian Constitution, to legislate that each of the six States submit a Conforming Cost-Benefit Analyses to the** **Commonwealth Productivity Commission at least six weeks prior to Financial Close for each prospective transport and communications infrastructure project with a forecast cost exceeding $20 million, initially limiting this obligation to planned/pursued rail infrastructure projects**](file:///F:\Documents\My%20Web%20Sites\Muggaccinos\StateGovtRailInfrastructure\Prime_Minister\16_reasons_to%20leglislate_States_to_submit_CCBA_to_PD.htm)**.**

Yours sincerely



Philip Johnston