Attention:   Adele Ferguson  **Left mouse click on the below embedded threads**

[**aferguson@protonmail.com**](mailto:aferguson@protonmail.com)[**adele@adeleferguson.com.au**](mailto:adele@adeleferguson.com.au)

Yesterday I posted an A4 envelope to you at

PO Box 3262  
  Tamarama NSW 2026

The envelope contains:  
2 @ A4 hardcopy of my letter to Tony Harris - **1st Attachment**

2 @ CDs - **2nd and 3rd Attachments** - A burnt CD enables greater integrity than files copied onto a USB Stick  
2 @ 16 GBs USB Sticks   
2 @ A4 instructions how to auto open the CDs in a Windows Operating System

Would you please send this email onto former NSW Auditor-General, Tony Harris, as my **1st Attachment** is addressed to him. I could not find a postal address, email or ph number for Tony Harris.

I have heard Tony Harris speak on ABC Radio and he does not like State Govt’s embarking on *‘inter alia’* rail infrastructure projects without a robust Cost-Benefit Analysis that calcs a positive Net Present Value. Happy for you to open the envelope and review the contents if you wish.

[**Annexure A**](http://muggaccinos.com/StateGovtRailInfrastructure/CBA/Annexure_A.htm) provides URL threads to a welter of articles/reports of cost blowouts, construction completion delays and usage/patronage paucity in too many recent large infrastructure projects that have wasted many billions of dollars of the *Public Purse -* [**46% is funded by the Commonwealth**](https://muggaccinos.com/StateGovtRailInfrastructure/CommGovtFundingStates/CommonwealthGovtFundingStates.pdf). Alas, the Commonwealth Govt, that has a legal obligation under the Australian Constitution to ensure that all revenue monies it allocates to the States is not wasted has *sat on its hands* 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**.**

The 2 CDs (2nd Attachment) will auto-open (in a Windows Operating System) my Letter to Tony Harris dated 29 Dec 2021 (1st Attachment). It informs *inter alia* that back on 31 March 2021 the [**Writer**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm) recommended (in CDs, USBs and A4 and two emails) that the Shadow Federal Treasurer place in the House Despatch Box during Question Time a 'Written Question With Notice' (**4th Attachment**) for attention of the Federal Treasurer.

The [**Conforming Cost-Benefit Analysis**](http://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Conforming_Cost-Benefit_Analysis.htm) must include a [**Base Case Financial Model**](http://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/base_case_financial_model.htm) of at least 20 years of projected 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); and
* ideally evidences a positive and demonstrative [**NPV**](https://www.investopedia.com/terms/n/npv.asp)that should not be negative.     .

[**SECT 96**](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/chapter4)['**Financial assistance to States**](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consol_act/coaca430/s96.html)' of the Australian Constitution –

1. 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 rail infrastructure projects >$20m, upon the ‘*efficiency experts’*, namely the Productivity Commission**.**
2. places 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.

**B**[**elow 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) (page 162) 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.”**

Australia’s Productivity Commission –

1. has the specialist cost-benefit appraisal expertise that Australia’s six States and two Territories patently do not; and
2. will make objective decisions *at arm’s length*.

[**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), too often stabbing in the dark and learning from their mistakes.

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 and two Territories 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).

The [**Writer**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm) studied at Macq Uni for 10 years part-time (whilst working at CBA bank for 37 years, the latter 19 years in Infrastructure Finance) and attained two finance degrees.  **6th Attachment** is his Masters of Finance Degree from Macquarie University.

My [**Discussion Paper**](http://muggaccinos.com/StateGovtRailInfrastructure/Discussion_Paper.htm) evidences that recent NSW Premiers (Baird & Berejiklian) were adept at building rail projects that have proven to be highly cost-ineffective.  Those former Premiers forgot that Sydney already had a heavy rail track between Circular Quay, Wynyard, Town Hall and Central Railway, when they agreed to build a parallel, juxtaposed, adjacent light rail (taking out George St) that cost $1 billion dollars and was completed 12 months late, with a lot of litigation.

The former NSW Premier was spruiking “the possibility of an 11-kilometre tunnel between Blackheath and Mount Victoria” without an iota of an understanding as to whether the tangible **Benefits** would exceed the mammoth tangible tunnel building **Costs**.

[**NSW government reveals plan to build Australia's longest road tunnel at Blue Mountains**](https://www.msn.com/en-au/news/australia/nsw-government-reveals-plan-to-build-australias-longest-road-tunnel-at-blue-mountains/ar-BB1giqpl?ocid=BingNewsSearch)

I welcome speaking with anyone that wants to ensure that Australia’s six States expend their budgets a lot more effectively/efficiently by accepting the Productivity Commission’s offer in 2009 to be **a centre of excellence or reference for cost–benefit analysis within the Australian Government, preferably in an independent entity, such as the Productivity Commission**.

The [**Writer**](http://muggaccinos.com/StateGovtRailInfrastructure/Writer/The_Writer_.htm) will respond in writing to any written questions sent to him re this matter. Hopefully, Tony Harris will read my letter to him (**1st Attachment** ) on a CD or USB Stick and opens lots of the embedded threads therein because $3 billion *circa* of the *Public Purse* annually can be saved by the six States and two Territories having a legal obligation to submit a [**Conforming Cost-Benefit Analysis**](http://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Conforming_Cost-Benefit_Analysis.htm)to the Productivity Commission (at least six months prior to forecast [**Financial Close**](https://muggaccinos.com/StateGovtRailInfrastructure/Defined_Terms/Financial_Close.htm)) for each prospective future rail transport infrastructure project with forecast *Capex* over $20m.

**Phil Johnston aka**[***Bank Teller***](http://www.muggaccinos.com/ChoresnCrew/Scribe/Scribe.htm)    
**0434 715.861**