Points ignored

After reading the Draft Report, I am rather dismayed to see how little notice the Commission took of my initial submission (#071), and I am baffled as to the reason. Is it that your research teams regarded my arguments as flawed? If so, I would like to know why. Even though time constraints prevented me from backing my arguments up with referenced evidence, I am able to supply links to further evidence should you need it.

I apologise for the PDF creation error that prevented two hyperlinks in my initial submission from working. The links to the two examples of use of an inappropriately high discount rate to reach erroneous conclusions were http://www.nbnco.com.au/content/dam/nbnco/documents/NBN-Co-Strategic-Review-Report.pdf and http://investment.infrastructure.gov.au/publications/reports/pdf/Adelaide_Rail_Freight_Movements_Study_Final_Report.pdf although the second document is mirrored at numerous other sites (and Googling the report titles gets the correct document as the first option in both cases).

I notice my name was misspelled in the list of respondents (I am Aidan not Aiden). I am now wondering if you tried to contact me but made a similar mistake in my email address?

I wish to reemphasise some of my original points, as they are nowhere near adequately dealt with in the Draft Report:

Apart from the obvious advantage of having shovel ready projects available in all parts of the country, the main advantage of a project pipeline is that it enables better use to be made of expensive specialist equipment. For instance starting one tunnelling project soon after another one finishes can sometimes enable the same tunnel boring machine to be used for both – and possibly even the same crew, which is a big advantage as experience enables them to be more productive with their equipment.

Another advantage is that coordination between projects can sometimes enable the sharing of infrastructure.

While your recognition of the importance of transparency is welcome, it doesn't go far enough. Infrastructure Australia should not accept proposals that have Cabinet In Confidence status, and severe restrictions should be placed on what they can accept with Commercial In Confidence status. If a company is unwilling for the government to publish any prices that have been agreed on, the government should not deal with that company.

The potential benefits of crowdsourcing scrutiny should not be ignored.

And most important of all, concessional loans have the potential to revolutionize infrastructure provision at minimal cost to the government. The benefits of this funding method could be worth trillions of dollars over the next half century.

Errors in Draft Report

In addition to your omissions, I have spotted two errors in section 6.2 of your Draft Report:

The final risk (p193) of an infrastructure bank creating pressure to fund projects that would otherwise not pas a cost benefit assessment is invalid. In a modern economy, availability of capital to a bank is not digital – capital is always available at a price. When the price of capital is low, there *should* be pressure to fund projects that would not pass a cost benefit assessment when the price of capital is high. If demand for capital is so depressed that there's nothing better to do with it than to build marginal infrastructure, building marginal infrastructure becomes the most sensible course of action.

Concern about an infrastructure bank crowding out private financing institutions is essentially concern about the risk of making multimillion dollar savings. Opposing it on this basis is like opposing a railway on the basis that it would crowd out road transport! For any one product, the more efficient option is better – and it may well encourage the less efficient option to become more efficient in order to compete. And the source of finance does not affect the resources used to construct the infrastructure (so it is irrelevant to the effect of one infrastructure project on the price of another that the term "crowding out" is more commonly taken to mean).