

**Submission
No 85**

**INQUIRY INTO IMPACT OF THE WESTCONNEX
PROJECT**

Name: Mr Andrew Soulos

Date Received: 16 August 2018

Dear Sir/Madam

Please find attached a copy of a report sent by Strathfield Council on my behalf while I was a councillor there. My concerns regarding the waste of money that is WestConnex were soon overtaken by bail-in legislation. WestConnex has cost NSW three sea ports, other inland port assets and will continue to cost in tolls, gorging public monies for years to come. We have sold the cutlery and now the food on our plates will continue to diminish. To add to the woes of NSW, the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 of the Federal Parliament gives powers to the Australian Prudential Regulation Authority (APRA) to confiscate one and "any other instrument" held by any unstable bank to pay for its toxic assets which have arisen from derivative bets gone bad. Each of Australia's Big Four banks have over \$5 trillion in derivative bets at present with the total among Australia's banks standing at over \$40 trillion - enough to swallow all deposits, bonds and shares of citizen and government bank accounts several times over. WestConnex and other PPPs (where profit-making infrastructure are privatised and sold to pay the government's share of infrastructure which is privately-controlled [with a toll]) have decreased the amount of infrastructure owned by each Australian with every contract, attenuating the power of governments to pay their way out of economic trouble. On top of this, the Big Four banks have starved funding to Australia's productive sector (automotive, farming, manufacturing, etc.) and instead inflated the housing bubble - the very bubble that may trigger payout of their share of up to \$40 trillion in derivative bets (much like interest rate hikes, downgrading of rating of loans to sub-prime and other events triggered the payout of what Ryan Gosling's character in *The Big Short* refers to as *leverage*). Scrutiny of WestConnex's many flaws was prevented by its control being handed to a private corporation. Mike Baird left NSW politics to the employ of NAB. The rot in the NSW Liberal party is matched by the rot in the government executive of the Federal Parliament (catch a glimpse behind the ever-revolving door of politicians to see the bankers in the government executive, regulators and other ancillary bodies playing musical chairs). Macquarie bank (the parasite dependent on bankers within the NSW parliament for survival) is part of the greater fraternity of parasitical bankers that extends from the central bankers' clearing house (the Bank for International Settlements) through its Financial Stability Board to APRA, the regulator that has placed Australia at the mercy of the bankers. Little surprise that the piper that is APRA, which is paid with a bank levy, lets the banks call the tune, and the bankers run amok. Like the environmental studies and business case for the Great West Rd (moniker I use given WestConnex's resemblance to the Great North Rd - made redundant before its completion by the development of faster sea freight travel between Sydney port and Port of Newcastle) were hidden from public scrutiny, bail-in was "in train" in Treasury for over four years. Its development was denied by several federal parliamentarians as well as Treasury.

The Reserve Bank of Australia at <https://www.rba.gov.au/publications/submissions/financial-sector/financial-system-inquiry-2014-03/regulatory-response-to-the-global-financial-crisis.html> states that it considers long-term deposits as most bail-inable and that bailing in derivatives (*leverage*) risks contagion. ASIC has not jailed one banker for the risk posed to deposits, bonds and shares by banks which have continued to grow derivative holdings since the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 was enacted. Just as Infrastructure NSW has guided the delivery of the death blow to NSW government coffers that is WestConnex, APRA has fostered the culture of starving productive sectors and bloating of the housing bubble that the banks have carried out. It has overseen the growth of derivatives held by Australia's banks from \$14 trillion at the time of the GFC to over \$40 trillion today. It has the power to deliver a death blow to the Australian Economy and Australian government. Unless, of course, the Australian Government debates and passes the Banking System Reform (Separation of Banks) Bill 2018. Projects as large as WestConnex but with real economic and social return (the loss of half of a suburb worthy of heritage nullifies any benefit WestConnex will bring - it is a loser) can be achieved with a national credit bank. Between 1939 and 1943 Australia exponentially increased the amount of national credit spent from around 88 million pounds to over 600 million pounds. It sustained this level of spending until 1945. During this economic mobilisation there was virtually no war-time inflation, largely due to strict banking controls overseen by the Commonwealth Bank. Given the huge economic and social costs of war, the potential for peace-time exploration of inner and outer space with a national credit bank means projects with low return on investment, like WestConnex, can be accomplished with minimal economic cost to the people of NSW. We may even be able to provide social benefit with modifications to WestConnex. Australia can change its fortunes by pursuing public asset growth with a national credit bank. We became the lucky country with a national credit bank. We can do it again if enough people support the Citizens Electoral Council. Economic austerity awaits Australia.

We can avoid it if we ensure gamblers pay their losses with bank separation. We can have a lender of last resort when the housing bubble contracts if we pursue a national credit bank.

We can provide more insurance against the effects of economic instability if we stop privatising profit-producing infrastructure (e.g. freighting assets) to pay for asset-depleting infrastructure (e.g. WestConnex). Following is the resolution. Former MP, Charles Casuscelli replied to Council's letter.

Yours faithfully, Andrew Soulos Former Mayor of Strathfield 236/13 RESOLVED: (Soulos/Ok)

1. That Council note the report 'WestConnex, potential risks for investors, and alternative concepts' as written and researched by Councillor Andrew Soulos.
2. That Council submit the report, as written and researched by Councillor Andrew Soulos, to the NSW State Government and request comment on its veracity.
3. Council organise a community information session with Westconnex in conjunction with business and community groups and stakeholders including Mr Charles Casuscelli MP by December 2013.

Voting on this item was unanimous.