Chapter 1

Introduction and background

Referral of inquiry

1.1 On 12 December 2013 the Senate referred the following matter to the Senate Rural and Regional Affairs and Transport References Committee (committee) for inquiry and report by 27 March 2014:

> The role of public transport in delivering productivity outcomes;
>
> a. the need for an integrated approach across road and rail in addressing congestion in cities, including Sydney, Melbourne, Brisbane, Adelaide and Perth;
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> b. the social and environmental benefits of public transport projects compared to road infrastructure projects such as Westconnex and the East-West Link;
>
> c. the national significance of public transport;
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> d. the relationship between public transport and building well-functioning cities;
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> e. the decision of the Federal Government to refuse to fund public transport projects;
>
> f. the impact on user charges arising from requiring states to fund public transport projects; and
>
> g. any related matter.

1.2 On 27 March, the Senate granted an extension of time for reporting to the committee. The committee was required to report by 4 December 2014.

Conduct of inquiry

1.3 The committee advertised the inquiry on its webpage and in *The Australian*, calling for submissions to be lodged by 30 January 2014. The committee also wrote directly to a range of organisations and individuals likely to have an interest in the matters under consideration, drawing their attention to the inquiry and inviting them to make written submissions. Details of the inquiry and associated documents are available on the committee's webpage at: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport

1.4 The committee received 45 submissions which are listed at Appendix 1. The submissions were published on the committee's webpage.

Acknowledgement

1.5 The committee thanks those organisations and individuals who made submissions and provided evidence to the committee's inquiry.

Public transport use in Australia

1.6 Public transport is defined as all transport systems that are available to the public which charge set fares and run on fixed routes.[1]

1.7 Urban public transport (UPT) was once the dominant means of passenger transport around major capital cities. However, the growth of private vehicle travel over the last 65 years has contributed to a situation in which UPT now accounts for only approximately 10 per cent of all urban passenger travel.[2]

1.8 According to census data, in 2012, approximately seven in 10 people (71 per cent) aged 18 years and over travelled to work or full time study primarily by passenger vehicle as either a passenger or driver. Only 16 per cent of Australians used public transport while four per cent walked and two per cent cycled.[3]

1.9 The relatively low usage of UPT correlates with high usage of private cars. Indeed, it is Australians' love affair with the car that characterises the country's transport story. A downward trend in public transport use began in the 1950s with the rise in private car ownership particularly in Sydney, Melbourne and Brisbane. Over the 58 years from 1955 to 2013, the number of passenger vehicles registered in Australia increased from 1.4 million to 13 million, an average annual growth of 4 per cent. In 2013, passenger vehicles accounted for over three quarters (76 per cent) of all registered vehicles.[4]

1.10 Australia now has the second highest level of car ownership per capita in the world and the third highest per capita rate of fuel consumption in the world. Perth, Adelaide and Brisbane are rated as among the most car-dependent cities in the world with Sydney and Melbourne not far behind.[5]

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1 Cambridge Advanced Learners Dictionary, Cambridge University Press.

2 Department of Infrastructure and Transport, *Public transport use in Australia's capital cities: Modelling and forecasting*, Report 129, 2013, p. 9, http://www.bitre.gov.au/publications/2013/report_129.aspx (accessed 5 August 2014)

3 Australian Bureau of Statistics, 4102.0 – Australian Social Trends, July 2014, Car Nation, http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40July+2013 (accessed 5 August 2014).

4 Australian Bureau of Statistics, 4102.0 – Australian Social Trends, July 2014, Car Nation.

5 Department of Infrastructure and Transport, *Public transport use in Australia's capital cities: Modelling and forecasting*, Report 129, 2013, p. 31.

1.11 In 2008, private road vehicles represented approximately 90 per cent of city motorised passenger transport.[6] The 2013 motor vehicle census revealed that 13 million Australian passenger vehicles were registered that year (amounting to one vehicle per 1.37 people of driving age). By way of comparison, in 1955, there were 153 passenger vehicles per 1000 people and by 2013, this rate had increased to 568 people per 1000 people.[7] In Brisbane, which is expected to have the highest congestion growth rate of all Australian capital cities over the next decade, an estimated 80 per cent of all commuter trips are currently taken by private car.[8]

1.12 However, the overall growth in car ownership is expected to flatten by 2020 for reasons including the involved costs.[9] One demographic sector for which car use has already stagnated, if not dropped, is among youth. In 2008 only 51 per cent of this age group owned a car and the figure continues to decline.[10] At the same time, studies have revealed that the number of license holders under 30 years is declining at a rate of more than one per cent a year.[11] In 1991, of all persons aged 20–24 years in NSW, 79 per cent had a driver's license. Consequently, young people tend to use public transport at a higher rate than older generations.[12] These changing factors must be taken into account in policy decisions regarding transport investment.

1.13 Evidence suggested that it ended in the late 1970s when UPT patronage began to increase again. According to the Department of Infrastructure and Regional Development (department), the resumption of UPT growth was triggered by rising petrol prices, increasing traffic congestion, parking problems, and since 1985, an increase in the price of new cars.[13] From 1977 to 2010, UPT grew annually by 1.96 per cent from 10.1 billion passenger kilometres in 1977 to 19.1 billion in 2010, thereby almost doubling over the three decades.[14]

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6 Bureau of Infrastructure, Transport and Regional Economies, *Urban passenger transport: how people move about in Australian cities*, Information sheet 31, March 2009, p. 2, http://www.bitre.gov.au/publications/2009/files/is_031.pdf (accessed 20 January 2014).

7 Australian Bureau of Statistics, 4102.0 – Australian Social Trends, July 2014, Car Nation; Australasian Railway Association, *Submission 7*, p. 3. The McCrindle Blog, Getting to Work, 3 February 2014, http://mccrindle.com.au/the-mccrindle-blog/tag/census/ (accessed 5 August 2014).

8 Australasian Railway Association, *Submission 7*, p. 5.

9 Bureau of Transport and Regional Economics, *Report 107: Greenhouse Gas Emissions from Transport – Australian Trends to 2020*, Australian Government, 2002.

10 City of Yarra, *Submission 30*, p. 4.

11 City of Yarra, *Submission 30*, p. 4.

12 Dr Tony Morton, Public Transport Users Association, *Committee Hansard*, 18 February 2014, p. 42.

13 Department of Infrastructure and Transport, *Public transport use in Australia's capital cities: Modelling and forecasting*, Report 129, 2013, p. 14.

14 Moving People 2030 Taskforce, *Moving Australia 2013: A Transport Plan for a Productive and Active Australia*, 2013, p. 40.

1.14 From 2001 to 2010, UPT grew at an average rate of 2.57 per cent per annum, thereby outstripping population growth of 1.58 per cent per annum.[15] According to the Bureau of Infrastructure, Transport and Regional Economics (BITRE), UPT use increased from 9.8 per cent to 10.9 per cent over this period. The key determinants of this growth were falling UPT fares and increasing discretionary income constraints, including the effects of the global financial crisis on the savings rate.[16] By 2011, the overall public transport mode share for commuter travel in the country's 18 major cities had risen to 15 per cent with Sydney the highest at 22.5 per cent and Albury-Wodonga the lowest with 1.1 per cent.[17]

Urban public transport demand

1.15 According to the department, UPT demand is expected to grow by approximately one third from 2011 to 2030.[18] Population growth in Australia's capital cities is a key driver of this growth.[19] In Perth, as a case in point, public transport patronage grew 67 per cent from 1999 to 2009 at a time when the population grew by 22 per cent.[20] Over this period, annual train patronage in Perth grew from 9.7 million to 54.7 million passengers and reached 63 million in 2011.[21]

1.16 Yet, growth in the public transport task is not only expected in Australia's most populated cities. Estimates based on analysis conducted over ten years (2001–2011) revealed that other cities and areas such as the Gold Coast, Canberra, Hobart and Geelong will also experience added demand for future services.[22]

1.17 Taking the nation as a whole, the department noted the following about the projected growth of the overall metropolitan transport task in terms of passenger-kilometres (pkm):

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15 Moving People 2030 Taskforce, *Moving Australia 2013: A Transport Plan for a Productive and Active Australia*, 2013, p. 40.

16 D. Gargett and A. Hossain, *Public Transport Use in Australia's Capital Cities: Modelling and Forecasting*, ATRF, 2012, Bureau of Infrastructure, Transport and Regional Economies, p. 8.

17 Department of Infrastructure and Regional Development, *Submission 11*, p. 7.

18 Department of Infrastructure and Transport, *Public transport use in Australia's capital cities: Modelling and forecasting*, Report 129, 2013, p. 7, http://www.bitre.gov.au/publications/2013/report_129.aspx

19 D. Gargett and A. Hossain, *Public Transport Use in Australia's Capital Cities: Modelling and Forecasting*, ATRF, 2012, Bureau of Infrastructure, Transport and Regional Economies, p. 8.

20 Western Australia Department of Transport, Public Transport for Perth in 2031, Draft for Consultation, July 2011, p. 14, http://www.transport.wa.gov.au/mediaFiles/about-us/ABOUT_P_PT_Plan2031.pdf (accessed 14 August 2014).

21 Western Australia Department of Transport, Public Transport for Perth in 2031, Draft for Consultation, July 2011, p. 14; Mr Cole Hendrigan, *Submission 26*, Attachment 1, p. 17.

22 Department of Infrastructure and Regional Development, *Submission 11*, p. 6.

> Although motor vehicles still dominate urban passenger travel, it is estimated that by 2030 the aggregate metropolitan passenger transport task will rise from 195 billion pkm in 2012 to 290 billion pkm; about a 50 per cent increase in 18 years, and the metropolitan public transport task will grow by 44 per cent from 2012 levels, primarily through population growth rather than a significant shift in the proportion of people using public transport.[23]

Population density, public transport and access to employment

1.18 With approximately 65 per cent of the total estimated resident population of Australia living in capital cities (14.5 million of 22.3 million people), Australia is currently one of the most urbanised countries in the world.[24] The four largest cities, Sydney, Melbourne, Brisbane and Perth, accounted for almost 60 per cent of national population growth from 2001 to 2010, despite substantial migration from the cities to other cities and regions.[25] By 2061, Australia's population is expected to reach between 36.8 and 48.3 million with 74 per cent expected to live in these capital cities.[26]

1.19 Australia's major cities generate approximately 80 per cent of the country's gross domestic product (GDP) and employ 75 per cent of the nation's workforce.[27] The central business districts (CBDs) remain the largest concentration of employment across Australian cities. The department noted that of all jobs offered in metropolitan areas of Australia's five largest capital cities, 10 to 21 per cent are located within a CBD, resulting in very high employment density.[28]

1.20 With the historical concentration of business activity in CBDs, transport infrastructure has also tended to emanate from CBDs in a radial pattern, designed to transport employees from broader metropolitan areas to the city centre.[29] This phenomenon is reflected in commuter transport usage whereby inner sector workers using the public system to access inner city jobs account for between 74 and 82 per

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23 Department of Infrastructure and Regional Development, *Submission 11*, p. 4.

24 Australian Bureau of Statistics, 1370.0 – Measures of Australia's Progress, 2010, 15 September 2010, http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1370.0~2010~Chapter~Population%20distribution%20(3.3)

25 Australian Bureau of Statistics S Cat. 5220.0 Treasury, 2011, Gross State Product 2010-2011.

26 Australian Bureau of Statistics cited in Australasian Railway Association, *Submission 7*, p. 2.

27 Department of Infrastructure and Regional Development, *Submission 11*, p. 3; Department of Infrastructure and Transport, *Our Cities, Our Future: A national urban policy for a productive, sustainable and liveable future*, May 2011, p. 7, http://www.infrastructure.gov.au/infrastructure/pab/files/Our_Cities_National_Urban_Policy_Paper_2011.pdf (accessed 28 January 2014).

28 Department of Infrastructure and Regional Development, *Submission 11*, p. 3.

29 Department of Infrastructure and Regional Development, *Submission 11*, p. 7.

cent of total public transport use by commuters in Sydney, Melbourne, Brisbane and Perth.[30] In comparison, the public transport mode share is typically low for outer suburban jobs at 2–3 per cent in Perth, Brisbane and Melbourne and at 5 per cent in Sydney.[31]

1.21 The centralisation of businesses in CBDs enhances productivity as many industries continue to agglomerate to central areas and gain greater access to potential employees, customers, collaborating firms, suppliers and ideas. However, Australia's CBD's will only remain prosperous as long as the benefits of agglomeration outweigh the cost of congestion. As the department cautioned:

> Therefore, strong economic growth will remain contingent on the ability to effectively move hundreds of thousands of people every day on public transport during the peak commuter period.[32]

1.22 In some cities, the location of city-based jobs has continues to undergo change with the central CBD no longer the focal point for employment. A study of the Melbourne CBD revealed that in 2006, only 28 per cent of metropolitan jobs were located in the inner city (i.e. within a five kilometre radius of the town hall) with a further 50 per cent located within a 13 kilometre radius. The study found that the average job was located 15.6 km from the centre. It concluded that the centre of mass had moved 2 km further towards the vicinity of Tooronga or 7.9 km from the CBD. Additionally, the geographical location of jobs varies across employment sectors:

> While over 80% of Retail and Manufacturing jobs were located more than 5 km from the centre, Commercial Services jobs were split roughly 50/50 between the inner city and the suburbs. This sector consists mainly of finance, insurance, business services and property services jobs. Those located in the CBD and inner city include major financial institutions and-high level producer services jobs servicing corporate clients. Those in the suburbs however tend to service the resident population, for example, real estate agents and personal financial advisers.[33]

1.23 The trends observed in Melbourne are set to continue. According to BITRE projections of population and jobs to 2031, the outer sector of each city will contribute the largest share of population growth and be the fastest growing in terms of employment.[34] These projections suggest that short commutes within the outer sector will account for the largest proportion of increased commutes in Perth, Sydney,

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30 Department of Infrastructure and Regional Development, *Submission 11*, p. 8.

31 Department of Infrastructure and Regional Development, *Submission 11*, p. 8.

32 Department of Infrastructure and Regional Development, *Submission 11*, p. 3.

33 Alan Davies, 'Suburban Employment Trends: A Melbourne Case Study', *M/C Journal*, Vol. 14, No. 4, 2011, http://journal.media-culture.org.au/index.php/mcjournal/article/viewArticle/358/0 (accessed 21 January 2014).

34 Department of Infrastructure and Regional Development, *Submission 11*, p. 8.

Brisbane and Melbourne.[35] An increase in the relative importance of same-subregion commutes was also forecast along with a decline in the relative importance of inward commuting flows. At present, inward commuting accounts for about three-quarters of public transport use. The department outlined the implications of these projections for public transport:

> These forecasts of rapid outer suburban job growth pose a challenge for increasing the future overall public transport mode share, as public transport is typically not as mature or well served in these outer metropolitan locations. However, these more complex trip demands (increased employment in outer suburbs and overall reduction in the dominance of commuting to and from CBDs) are not unique internationally. Overseas experience suggest that a reorientation of the dominant public transport operating paradigm – to better service those making trips within outer suburban subregions will be needed to avoid a mismatch between workers pursuing affordably priced homes and their desired places of employment. [36]

1.24 By 2030, estimates suggest that Australia's population will grow to 31 million from 23 million with more than 90 per cent of Australians living in cities, towns and near-city regions. This will put Australia behind only Argentina as the highest urban population as a percentage of the country's total population.[37] With population and economic growth set to continue, Australia's cities will have to face the growing challenge of mitigating congestion and maintaining accessibility. As the department noted in evidence:

> In what is already a highly urbanised society, the increasing trend of urbanisation of Australia's population will result in denser cities challenging how our transport networks are designed and operated, and risks a proportion of the population being 'locked out' of their city's prosperity by a steepening inner-city house price gradient and longer commutes.[38]

Relationship between public transport and well-functioning cities

1.25 Evidence to the committee highlighted the importance of efficient, accessible and reliable transport networks as fundamental to well-functioning cities and productive populations. According to the Australasian Railway Association (ARA), a well-functioning city is one that is sustainable and capable of meeting the needs of the population into the future.[39]

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35 Perth–51 per cent; Sydney–47 per cent; Brisbane– 40 per cent; and Melbourne –34 per cent. Department of Infrastructure and Regional Development, *Submission 11*, p. 9.

36 Department of Infrastructure and Regional Development, *Submission 11*, p. 8.

37 Moving People 2030 Taskforce, *Moving Australia 2013: A Transport Plan for a Productive and Active Australia,* 2013, p. 13.

38 Department of Infrastructure and Regional Development, *Submission 11*, p. 4.

39 Australasian Railway Association, *Submission 7*, p. 7.

1.26 Catholic Social Services Australia (CSSA) argued that a well-functioning city is one where citizens, including low income and disadvantaged people, can have the opportunity to fully participate in the social and economic fabric of the community. CSSA upheld the view that public transport is a critical element to foster this participation.[40] Similarly, Professor Currie made the point that cities, as the powerhouses of the economy, function 'almost entirely because there are public transport systems available to get people there'. Public transport is very efficient in handling large volumes of people and when public transport systems are closed, congestion results.[41]

1.27 The Committee for Perth emphasised that cities are the major drivers of economic growth and productivity in Australia and that there is a strong and well-established link between transport efficiency and city productivity.[42] Given the importance of cities to Australia's economy, the productivity and competitiveness of Australia's cities is an issue of national significance.[43]

1.28 The Grattan Institute emphasised that as cities are crucial to national productivity, ensuring that businesses across cities have access to a range of skilled workers is more important to growth and productivity than ever before. However, it argued that transport infrastructure too often holds productivity back. This is a particular challenge in the outer suburbs of Sydney, Melbourne, Brisbane and Perth where residents can reach fewer than 10 per cent of all metropolitan jobs within a reasonable commuting time. In fact, according to the Organisation for Economic Co-operation and Development (OECD) Sydney is so badly connected that its economy functions more like a city of one million than that of its 4.5 million population.[44]

1.29 According to the Sustainable Transport Coalition of Western Australia (STCWA), one of the key elements to a well-functioning city is that of walkability. It argued that walkability benefits from good public transport, while public transport is totally reliant upon walkability given that almost all public transport trips require walking at each end. Pedestrians provide 'eyes on the street' and therefore increased personal security for local communities, enjoy health benefits and provide custom to local shops. Therefore, the point was made that simply providing more public transport would not in itself lead to well-functioning cities. STCWA maintained that what is required for a well-functioning city is integrated locality design which supports walking and cycling and operates in unison with public transport.[45]

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40 Catholic Social Services Australia, *Submission 8*, p. 1.

41 Professor Graham Currie, Monash University, *Committee Hansard*, 18 February 2014, p. 1.

42 Committee for Perth, *Submission 6*, p. 1.

43 Committee for Perth, *Submission 6*, p. 2.

44 Grattan Institute, *Submission 5*, p. [1].

45 Mr David Rice, Sustainable Transport Coalition of Western Australia, *Committee Hansard*, 19 February 2014, p. 2.

COAG National Urban Policy

1.30 The Council of Australian Governments (COAG) has acknowledged the importance of cities to growth and productivity, sustainability and liveability as well as their importance to accommodating demographic change and population growth. In recognition of the importance of city planning to sustainable growth and productivity, COAG introduced capital strategic planning system reforms in December 2009. As part of these reforms, COAG announced the national objective for future strategic planning capital cities along with criteria for capital city strategic planning. The objective is to ensure Australian cities are 'globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth'.[46]

1.31 COAG included as its first criteria integration across functions, including land-use and transport planning, economic and infrastructure development, environmental assessment and urban development, as well as across government agencies.[47] As part of its reform agenda, COAG asked the COAG Reform Council to review capital strategic planning systems and in December 2011, the council submitted its final report to COAG. Of the three areas suggested by the council for future development, the second was that of public transport and:

> Putting more emphasis on public transport to combat congestion and address social inclusion by integrating transport planning with land use decisions.[48]

1.32 COAG responded to the council's report in April 2012 and agreed that continued intergovernmental collaboration be taken forward by the Standing Council on Transport and Infrastructure (SCOTI). SCOTI had been established in September 2011, bringing together Commonwealth, state and territory as well as New Zealand ministers responsible for transport and infrastructure issues as well as the Australian Local Government Association with the objective to:

> …achieve a co-ordinated and integrated national transport and infrastructure system that is efficient, safe, sustainable, accessible and

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46 Council of Australian Governments, COAG Meeting, 7 December 2009, Attachment B National Objective and Criteria for Future Strategic Planning of Capital Cities, http://www.coag.gov.au/node/90#4 (accessed 28 January 2014).

47 Council of Australian Governments, COAG Meeting, 7 December 2009, Attachment B National Objective and Criteria for Future Strategic Planning of Capital Cities, http://www.coag.gov.au/node/90#4 (accessed 28 January 2014).

48 COAG Reform Council, *Review of capital city strategic planning systems*, December 2011, http://www.coagreformcouncil.gov.au/reports/capital-cities/review-capital-city-strategic-planning-systems (accessed 28 January 2014).

competitive. Achieving this objective will support and enhance Australia's economic development and social and environmental well-being.[49]

1.33 In 2011, the National Urban Policy was introduced with the objective of reinforcing COAG's national objective for Australian cities.[50]

49 Standing Council on Transport and Infrastructure, *Policy Framework for Intelligent Transport Systems in Australia*, March 2012, p. 1, http://www.scoti.gov.au/publications/files/ITS_Framework.pdf (accessed 28 January 2014).

50 Department of Infrastructure and Transport, *Our Cities, Our Future: A national urban policy for a productive, sustainable and liveable future*, May 2011, p. 3, http://www.infrastructure.gov.au/infrastructure/pab/files/Our_Cities_National_Urban_Policy_Paper_2011.pdf (accessed 28 January 2014).