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STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

**Reference: Investment of Commonwealth and state funds in public passenger
transport**

FRIDAY, 20 MARCH 2009

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**SENATE STANDING COMMITTEE ON
RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

Friday, 20 March 2009

Members: Senator Sterle (*Chair*), Senator Milne (*Deputy Chair*), Senators Farrell, Heffernan, Hutchins, McGauran, Nash and O'Brien

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Bilyk, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Feeney, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, Marshall, Mason, McEwen, McLucas, Milne, Minchin, Moore, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Back, Farrell, Heffernan, Hutchins, Ludlam and Sterle

Terms of reference for the inquiry:

To inquire into and report on:

The investment of Commonwealth and State funds in public passenger transport infrastructure and services, with reference to the August 2005 report of the House of Representatives Standing Committee on Environment and Heritage, Sustainable Cities, and the February 2007 report of the Senate Standing Committee on Rural and Regional Affairs and Transport Committee, Australia's future oil supply and alternative transport fuels, including:

- a. an audit of the state of public passenger transport in Australia;
- b. current and historical levels of public investment in private vehicle and public passenger transport services and infrastructure;
- c. an assessment of the benefits of public passenger transport, including integration with bicycle and pedestrian initiatives;
- d. measures by which the Commonwealth Government could facilitate improvement in public passenger transport services and infrastructure;
- e. the role of Commonwealth Government legislation, taxation, subsidies, policies and other mechanisms that either discourage or encourage public passenger transport; and
- f. best practice international examples of public passenger transport services and infrastructure.

WITNESSES

HANNA, Dr Elizabeth (Liz), National Convenor, Environmental Health, Public Health Association of Australia	1
HOLLIDAY, Ms Susan, Acting Chief Executive Officer, Planning Institute of Australia	16
McNALLY, Ms Carolyn, Executive Director, Nation Building and Infrastructure Investment, Department of Infrastructure, Transport, Regional Development and Local Government	46
MOORE, Adjunct Professor Michael, Chief Executive Officer, Public Health Association of Australia.....	1
NYE, Mr Bryan, Chief Executive Officer, Australasian Railway Association	33
PARSONS, Ms Catherine Anne, Project Manager, Planning Institute of Australia	16
SOCHON, Mr Philippe Lomas Drakeford, Deputy Chief Executive Officer and Manager, Australasian Railway Association.....	33
STEWART, Mr Rob, General Manager, Infrastructure and Transport Research Branch, BITRE, Department of Infrastructure, Transport, Regional Development and Local Government	46
THOMPSON, Ms Shayleen Ann, First Assistant Secretary, Strategies and Coordination Division, Department of Climate Change	8

Committee met at 9.04 am

HANNA, Dr Elizabeth (Liz), National Convenor, Environmental Health, Public Health Association of Australia

MOORE, Adjunct Professor Michael, Chief Executive Officer, Public Health Association of Australia

CHAIR (Senator Sterle)—I am sorry we are a bit tardy this morning; it has been a long night. I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. The committee is inquiring into public transport and I welcome you here today. The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules in the order of the Senate of 23 August 1990 concerning the broadcasting of committee proceedings. I put on record that committee witnesses are protected by parliamentary privilege with respect to their submissions and evidence. Any act which may disadvantage a witness on account of their evidence is a breach of privilege. While the committee prefers to hear evidence in public, we may agree to take evidence confidentially. The committee may still publish or present confidential evidence to the Senate at a later date. We would consult the witness concerned before doing this. The Senate can also order publication of confidential evidence. Before we go to questions, I invite you to make a brief opening statement.

Prof. Moore—Thank you. We appreciate the opportunity. In one sense I imagine it was somewhat surprising for this committee to receive a submission from the Public Health Association, but we consider transport to be a vital part of our approach to public health. Public health by and large fits in with the notion of prevention but it also has those four basics of clean water, sanitation, immunisation and health promotion. The area where we are most active is in the health promotion area because by and large in Australia the other areas are done reasonably well, although we keep an eye on them. One of the major issues identified by government and given as a responsibility to the Preventative Health Taskforce is the issue of obesity, along with alcohol and tobacco. We consider that the issue of obesity is one of the drivers for our interest in public transport. Dr Hanna will elaborate on that in a short while and we have addressed it within our submission. But it goes much broader than that because public health and health promotion are also about wellbeing, about community wellbeing, and that goes into issues such as mental health as well as fitness and sense of community. Those are the sorts of issues that drive the Public Health Association and that is why we thought it appropriate to make a submission to this committee. We appreciate the work that senators are doing here and we encourage you to take these public health issues into account in your deliberations.

Dr Hanna—I will elaborate a little bit further in some of the specifics. In addition to what Michael has said on obesity being a focus, we cannot exclude the impact of climate change, so that will also underpin some of our issues here. Largely we think that public transport has the potential to being a triple win situation in terms of health, improving society and the environment all gaining from improved public transport use. As far as health is concerned, there are direct benefits. Again alluding to the comments that Michael made, as little as 30 minutes of exercise a day will help promote weight loss and improve physical fitness, and of course weight loss and physical fitness help prevent obesity chronic diseases such as diabetes and coronary heart disease. Even a moderate amount of exercise, beyond just feeling better, promotes a psychological wellbeing via endorphin release in the brain. Getting to and the use of public

transport itself promotes exercise. People actually walk or bicycle to the transport stops. Even if driving to a transport mode, people are then walking about the transport system. We know that increased physical activity reduces osteoporosis later in life. Associated with more public transport use is reduced motor vehicle use, which reduces accidents. Those have a very large legacy in terms of life years lost. There is less attention and concentration needed for public transport, so it relieves stress and improves the mental health as well as physical health outcomes for travellers.

There are also indirect benefits for society. There is increased social cohesion, which basically in our language we call community connectedness, and it builds social relationships. This also has beneficial mental health effects and helps to improve safety in communities as there are more people out and commuting. There can be reduced travel times, which allows more time for family, promoting better family relationships and fewer family breakdowns, again improving mental health.

Public transport is more egalitarian, which promotes a more equitable society, and the current understanding of social determinates of health show that a more egalitarian society results in healthier members. And of course it affects the environment. Reducing the use of motor vehicles reduces exposures for drivers, residents and workers along the traffic corridors, and those using public space, so it reduces their exposure to particular chemical and noise pollution. More use of public transport reduces greenhouse gas emissions and helps mitigate global warming.

Those are the direct benefits, but we are advocating that improvements in public health should also extend to rural areas. Public transport should take people to where they want to go, not necessarily only where it is easier to provide it. There should be sufficient numbers, in terms of frequency—whether it be trains or buses—to be able to carry the passenger load. We know that that has been problematic in Melbourne lately and, I presume, in the other cities. I have recently moved to Canberra from Melbourne, so it is the area that I am most familiar with. And, of course, it is imperative that these public transport systems can function in all Australian weather, including the increased heat waves that we are facing, without having rail lines buckle.

Our main comment is on the health benefits, but in our submission we would also support that public transport should be easily accessible, comparatively affordable, be able to be used in connection with walking and bicycling, and be frequent enough for it to be favourable, because if it is not easy to use, people will not use it but stay in their cars. Ticketing arrangements should allow for multiple journeys and, basically, public transport should help people to move around the city, not just into a central hub, because people's lives, relationships and the services that they need to access are often not on direct routes towards the CBD. Public transport also needs to be clean, safe, secure and specifically easier to use than private cars. The last point on equity is that non-car users need to be able to access employment, services and recreation, and, of course, to access their relatives.

As a last point, with regard to increasing fuel costs and maintaining income, enabling people to use public transport to get to their employment would have spin-offs for the economy and also for equity. So we are proud supporters of a public transport system, particularly one that is in such a state that it is a preferred option.

Prof. Moore—We would finally like to really emphasise that many people see climate change as an environmental issue. We see it as a fundamental health issue and so one of the very great drivers for us is the impact of climate change on health in that wide range of ways that Dr Hanna addressed.

CHAIR—Thank you Dr Hanna and Professor Moore. Before I go to other senators, I might open the batting, while we are on a roll. There is no sense in wasting an opportunity. Do you have figures on the cost to Australia of obesity?

Prof. Moore—We can get those figures for you from the predictions. They are predictions and we would be delighted to get those for this committee because the costs are quite extreme to the health system, but I do not have them at the top of my head.

CHAIR—It would be appreciated if you took that on notice. It would assist the committee. Yesterday we took evidence. If you bear with me, I will try not to use up too much of the time. We have taken evidence from a lot of people over the last three days of hearings. Have you heard of the International Association of Public Transport?

Prof. Moore—No.

CHAIR—They have some 3,100 members in ninety countries around the world. They did a survey twice in Melbourne on why people would use public transport or why people would transfer from cars to public transport. It was very interesting. I think the committee was as interested as I was, because I would have thought that the environment would have been up there, but I think there were about eight factors that they listed and the environment did not even rate, which is very surprising. We are not denouncing the good work that you are doing and that everyone is doing.

Prof. Moore—May I respond to that, because we are used to this within health promotion campaigns. Tobacco provides quite a good example. People would not have listed their giving up tobacco because of their health. We knew that we had to do a series of other things; for example, pricing levers, marketing campaigns and so on. Whilst health was a factor—as environment in this case is a factor—we would expect that governments recognise these things first and then take an approach. I have to say that the results do not surprise me. I would have thought that that is not particularly surprising.

Dr Hanna—No; which is also why one of the points we are stressing is that it has to be easy and affordable. They would be the things. If they find it more convenient to go by public transport, then they will do that.

CHAIR—I am asking every witness this so that we can have the best public transport system in the world, as long as it is sustainable, safe, reliable, clean and everything you mentioned, Dr Hanna and Professor Moore. But how do we wean Australians off the car? We have realised from these hearings that Australia has pockets of world first-class public transport systems but we are still not getting them out of the motor car. Do you have any ideas? I know you said financial triggers, and we are not going to load you up for the front page of the *Sydney Morning Herald*.

Prof. Moore—I think there are ideas around. We are also conscious of that. We think it is a long, hard process because it is about cultural change. I refer back to tobacco. At the end of the Second World War 80 per cent of Australian men smoked. That figure is now 18 per cent. It was a long, hard shift in cultural change. We are putting a huge effort into trying to achieve cultural change in terms of alcohol and alcohol misuse. Once again, it is going to be a long, hard slog. I think the same applies with regard to food, fitness, eating and obesity. I do not think there is one simple, silver-bullet solution; it will be a multifaceted, long-term program that we are talking about.

CHAIR—With the success of the Norm campaign in the early 1980s, we are still trying to hammer that message through, so I do agree.

Dr Hanna—I have brought some extra copies of the New South Wales *Public Health Bulletin*. On page 12 there is a table. The article starts on page 10. It is called ‘Active travel: a climate change mitigation strategy with co-benefits for health’. Professor Rissel has published the results of an investigation that he performed which demonstrates the increasing bicycle use as a function of government investment in cycling facilities such as cycling routes. He shows that there is a very strong correlation with vast improvements in cycling if the cities expend money on making cyclists feel safe on the roads.

CHAIR—I know there is a very strong push from the cycling fraternity, and that is understandable, but do we really think that will—

Dr Hanna—It will certainly alleviate some. There will be sectors of the community who will not get on a bicycle. It is something that needs to capture people when they are young. One thing you do notice is that quite a few cyclists have grey hair and bald spots and such. So if you get them into the mode and thinking, ‘I can cycle’, that can carry through life. Of course, once people are older and osteoporosis has set in and they are obese, they just do not feel good on a bike.

CHAIR—What is the good news? What do we have to look forward to?

Senator BACK—I just have a relatively brief question and comment. Firstly, I compliment you for appearing before the committee; it represents a level of lateral thinking and forward thinking that has given me a lot of encouragement. Thank you very much. On the one hand, I guess I am asking—particularly in terms of those wonderful but lengthy statistics of 80 per cent down to 18 per cent for men smoking—are the young the ones who most recently participated in public transport because, as kids going to school et cetera, they could not drive anyhow? Should we be focusing our attention on young people in terms of modifying behaviour for later public transport use?

Prof. Moore—Our experience in other public health areas is that you go across the board, but in a normal health promotion system based on the 1986 Ottawa Charter you actually look for specific settings. In other words, you target specific groups at specific times. I think that we should be targeting young people but we should also be targeting other groups who are perhaps doing a short drive to work which could be replaced with a walk or a ride. We should be moving in that direction. There are also particular workplaces where public transport is facilitated. It may well be that we can target government workplaces in providing free public transport for SES

officers to get to work—or maybe the next level down if that is too hard to change culturally at the moment. I am not talking about just the Commonwealth Public Service although that is easy in one sense for a Commonwealth parliament but also an attempt to influence state and territory government and local government to do the same sort of thing. In health promotion campaigns we would tend to go about it by targeting specific groups.

Dr Hanna—In answer to the question, yes, there is certainly merit in targeting children. Also what we are wanting to do from a safety perspective is to also get aged people, most specifically, out of their cars. But it is across the board, as Michael said, to carry out multiple strategies. There was a great increase in the use of public transport in Melbourne except for the fact that the rolling stock was unable to keep track, so that has moved quite a few people back into their cars. Whatever strategies come in—we certainly support all of them—obviously have to be co-aligned with increasing the numbers of train services and buses.

Senator BACK—I have to race away but I will be back. We were not expecting to be sitting today.

Prof. Moore—We understand that. We are aware of what is going on.

Senator LUDLAM—We are a little short of time. Thank you for coming in this morning and thank you for your submission. I am interested in a couple of things namely the public health impacts of car dependence or public transport. Is there data out there that differentiates or gives you some idea in Australian cities as to whether it is possible to pick out the signal of greater or lesser car dependence in health and obesity indicators?

Dr Hanna—I am not entirely sure whether that research has been done in Australia, but we can certainly search for that and forward it to you.

Senator LUDLAM—Or if there is any overseas—

Dr Hanna—Failing that there might be overseas data or indeed we could send both.

Senator LUDLAM—I guess what I am looking for is whether there is any time series data for how exercise patterns in urban populations have changed over time. Also whether there is any obvious correlation with health that we could point to in some research across areas with greater or lesser access to public transport. I am wondering whether that signal is going to be muddled by wealth factors and other things.

Prof. Moore—There will be confounding factors in it. Certainly almost everything that we deal with is influenced by the social determinants of health. The wealthier you are the healthier you both nationally and internationally. By and large our researchers in the area tend to find ways to deal with confounding factors and so we can look for the best research that we can find and send it you.

Senator LUDLAM—I am interested in anything that pulls out the transport aspect.

Prof. Moore—There is a factor also I think that is probably worth considering—I am probably making work for myself—which is about children walking to school. We are aware

there has been a significant swing away from children walking to school. This has even occurred in Canberra where suburbs were specifically designed to allow children to walk to school and yet they do not. It is to do with parent fear of safety issues and so on. They do tend to use dedicated buses where the school is further away but, where the school is local, still there has been a very strong swing over the last 40 years of parents actually taking their kids to school. There are a range of issues behind that. We will see whether we can find something on that as well.

Senator LUDLAM—I think that would be really helpful. I am interested in some of the points that you raise about indirect health benefits and the links between public transport and social cohesion for example. Could you say what you mean by that?

Dr Hanna—As compared to people walking out of their driveways, hopping into a car, being insulated in a vehicle and then popping out at the other end—

CHAIR—I am sorry. The bells are ringing for a division, so we are going to have to take a short break.

Proceedings suspended from 9.25 am to 9.39 am

Senator LUDLAM—Before the suspension I asked a question about social cohesion. You raised some points in your submission about public transport being able to enhance social cohesion and I wonder what you mean by that.

Dr Hanna—With public transport and more people walking and waiting at bus stops, there are more people on the ground. There are more eyes and people have less of a sense of stranger danger, and it helps them to know their neighbours and support each other. There is quite a bit of research that has documented that. The Bogota experience in Colombia is a very poignant example of that—of putting people back into the streets and making the streets feel safe, with less crime and a general amenity and people feeling more secure and having positive relationships with their neighbours.

Senator LUDLAM—We have heard quite a bit that we should not be having a conversation about public transport in isolation from broader issues about urban planning and urban form and so on.

Dr Hanna—Indeed.

Senator LUDLAM—Do you have any views on the kinds of neighbourhoods we should be creating to support public transport?

Prof. Moore—It is not an area in which the Public Health Association has done much work, although we are conscious of it. As someone who has been involved in planning in Canberra for quite a number of years, I am personally very conscious of it, but the Public Health Association does not have a position, other than a broad one, of the importance of planning at the individual block level and with regard to how houses are created and so forth within the suburbs and within the context of the area. We do not have a specific policy in that area.

Dr Hanna—Having said that, we have public health physicians in Australia within the broader realm of Public Health Australia who are experts on urban issues, including includes urban planning. That is not from the Public Health Association. The association itself has formed policies and voted and agreed—but we can refer you to public health physicians who are experts in the field who are part of our larger network.

Prof. Moore—Professor Peter Newman would fit into that category. I am sure you know him very well.

Dr Hanna—Tony Capon is another one. A lot of his work is in Western Sydney. He was co-editor on this.

CHAIR—Thank you very much for providing assistance to the committee.

Dr Hanna—We will forward the data and reports?

CHAIR—Yes, would you take that on notice.

Prof. Moore—Yes.

CHAIR—Thank you kindly.

[9.43 am]

THOMPSON, Ms Shayleen Ann, First Assistant Secretary, Strategies and Coordination Division, Department of Climate Change

CHAIR—Welcome. I remind you as an officer of the department that questions will not go to policy but may go to how policies were developed and around that. Before we go to questions, do you wish to make a brief opening statement?

Ms Thompson—No, thank you.

Senator LUDLAM—I do not think the department has made a submission so, in the absence of an opening statement, can you tell us what your roles and responsibilities and areas of expertise are within the department?

Ms Thompson—The Strategies and Coordination Division covers a range of functions in the Department of Climate Change. We have responsibility for preparing the national inventory, which is the yearly assessment of emissions from all sectors across the economy. We also prepare emissions projections, so we look at how emissions are projected to grow from year to year.

In addition to those functions, my division looks after the National Greenhouse and Energy Reporting System legislation and other activities associated with that. In addition to that, we have a policy coordination area. We provide parliamentary support to the minister's office and also with respect to things like Senate estimates. Part of my division also is doing the work on the renewable energy target. We also have the communications area sitting in my division. So it is a fairly broad set of functions and issues.

Senator LUDLAM—I am very keen to ask you some questions about the data collection that you do, particularly with regard to the transport sector. But are you able to tell us much about the impact of the proposed CPRS on the transport sector?

Ms Thompson—As you would be aware, the Carbon Pollution Reduction Scheme has not come into effect yet, but, as you probably already know, the scheme will have around 70 per cent coverage of all emissions, and transport emissions will be covered by the Carbon Pollution Reduction Scheme.

Senator LUDLAM—Okay, but the proposal at the moment is to reduce the fuel excise to mask or mute that signal for the first couple of years. Is that your understanding?

Ms Thompson—That is correct. My understanding is that the reason for that is a recognition that this is a transition that the economy will need to embark on and that, when one is looking at a transition of this sort, it is important to take it gradually and ensure that welfare impacts on households and people are manageable.

Senator LUDLAM—Do you recognise that there is a probably unintended consequence there that the price signal will be masked for private road users and private automobile users but public transport operators will be hit with the full impact of the carbon price because they are not exempt?

Ms Thompson—As I said, I think that we have to recognise that this is a transition that we are embarking on. I do think that the way the CPRS price signal will function is that it will start to send a signal to investors and providers of transport, be it for commercial use or for the public, that the price signal is coming and that people need to begin to prepare for it. It is that sort of impact on medium to longer term decision making that is also very important, as was the short-term effect of the actual price signal.

Senator LUDLAM—In the short term, I suppose it is going to make public transport more expensive and leave private car use as it is. I am not asking you to fix it for us, but is there a recognition there that that is what will occur?

Ms Thompson—My division is not the division that has the functional responsibility for the Carbon Pollution Reduction Scheme, so I would like to take that issue on notice and perhaps get some further advice back to you.

Senator LUDLAM—I would appreciate that. I can always go downstairs and take it up with the minister too, but, if you can provide us with any information that you have on what the thinking was, what modelling you have done and what impact that might have on public transport, that would be really helpful.

Ms Thompson—Could I just make another point. It is actually in fact the states and territories rather than the Commonwealth that have responsibility for the provision of those services.

Senator LUDLAM—For public transport?

Ms Thompson—That is right.

Senator LUDLAM—That is true. One of the reasons for initiating this inquiry was to find out why the Commonwealth felt happy to fund roads but not public transport. There is nothing in the Constitution that says that needs to be that split. Yes, the states and territories operate and coordinate public transport, but we are seeking a greater role from the Commonwealth in funding. What can you tell us about emissions trends in the transport sector more broadly in Australia?

Ms Thompson—I would probably refer you to the *Tracking to the Kyoto target* document, which you can find on the Department of Climate Change website. There is a section on transport.

Senator LUDLAM—Would you give us the date of publication.

Ms Thompson—It was published in February 2007.

Senator LUDLAM—So that is a pre-election document.

Ms Thompson—Allow me to correct myself. It was published last year but it is the projection for—

Senator LUDLAM—It is the data from 2007.

Ms Thompson—Yes. That shows that transport emissions are projected to increase—as in a number of sectors—to reach 88 mega tonnes of CO2 equivalent over the Kyoto period.

Senator LUDLAM—And that is out to 2012?

Ms Thompson—I think so, Senator.

Senator LUDLAM—If that is the first commitment period, it would be to 2012. So that is 88 million tonnes increase on 2007 levels?

Ms Thompson—No, that is an increase of 42 per cent over the 1990 level.

Senator LUDLAM—Our gross emissions over that period were to be no more than an eight per cent rise across the entire economy. Given that the transport sector is quite rapidly outstripping that, what are the broad policy strategies for bringing it down?

Ms Thompson—As we have already discussed, the main mechanism for addressing transport emissions from the perspective of the Department of Climate Change is the Carbon Pollution Reduction Scheme.

Senator LUDLAM—But it is not going to have a measurable price impact for three years after the introduction, so it will be about 2013 before that price signal starts to hit private motorists, as opposed to public transport users. Is there anything the Commonwealth has in mind between now and 2013 because that takes us outside the first commitment period?

Ms Thompson—There are various processes in train at the moment to look at these sorts of issues. I understand there is work going on through the Australian Transport Council, but my department does not have responsibility for that ministerial council. Those questions would be best directed to our colleagues in the transport and infrastructure portfolio.

Senator LUDLAM—What data do you have comparing the greenhouse gas emissions of various public transport modes and transport in private cars?

Ms Thompson—We have some data on looking at the share of emissions in the transport sector across various modes of transport. Would you like me to go through that?

Senator LUDLAM—Would you like to table the document you are reading from—that could be a bit more interesting.

Ms Thompson—I do not see any difficulty with tabling that.

Senator LUDLAM—That would give us bus transport, private car, train—

Ms Thompson—It talks about passenger cars, motor cycles, busses, light commercial vehicles, rigid trucks, articulated trucks, aviation, rail and shipping.

Senator LUDLAM—There is freight in there as well as passenger transport.

Ms Thompson—That is right, yes.

Senator LUDLAM—In recognition of the fact that the department has chosen not to make a submission to the inquiry, do you see public transport as part of your remit?

Ms Thompson—That is a very good question. The Department of Climate Change has a role in broad policy coordination on climate change matters, particularly with respect to the Carbon Pollution Reduction Scheme and the international negotiating position on climate change. Obviously, we have a very strong interest in issues related to transport, as we do on any other sphere of activity that generates emissions. We do not, however, have a role in terms of program or initiative delivery that impacts directly on transport, with the exceptions, as we have discussed, of the CPRS and the work we do on the inventory and projections. Perhaps it is worth noting that transport emissions are also covered under the National Greenhouse and Energy Reporting System.

Senator LUDLAM—Over the next couple of years we are going to need to radically reduce the greenhouse gas emissions in the transport sector. The CPRS will play a part, if it is passed, in putting a price on carbon, but I hope you would agree that there would be a lot of other measures that we are going to need to introduce at the same time. Where does the expertise lie? Who do we talk to in the Commonwealth in terms of the public transport or the transport and climate change experts? Will that expertise lie with your department or in transport?

Ms Thompson—I think that my department has expertise in terms of methodologies that are associated with measuring, monitoring and reporting emissions, but we also have policy advising and analytic expertise that could be applied to issues like transport. However, the department most engaged on transport is arguably the Department of Infrastructure, Transport, Regional Development and Local Government.

Senator LUDLAM—I am just a little concerned that, when I ask them this question a bit later in the day, they are going to tell me that they do not know about climate change, that it is not their thing, that it is a different department and that they know about transport. I am wondering where the government intends to place that expertise.

Ms Thompson—I am not sure that I can answer further than I have already.

Senator LUDLAM—That was probably a rhetorical question; it was probably not all that fair.

CHAIR—Are there any questions from other senators? There being none, Senator Ludlam, the floor is yours.

Senator LUDLAM—It is a little bit tricky, if I can put this to you, to not have a submission or an opening statement to work with. It is very difficult to gauge the interest or otherwise of the

department in the issue, and it sends a bit of an odd signal to the committee. I know that was probably not a decision taken by you, but—

Ms Thompson—I think the fact that the CPRS does cover transport emissions is a very important indication of the seriousness with which the government takes emissions from transport and their contribution to climate change and is endeavouring to address the problem.

Senator LUDLAM—All right. So is it fair to say, without trying to put words in your mouth, that the CPRS is really a pretty central part, a very important component, of how the government and the department plan to address transport emissions?

Ms Thompson—I think that is right. It is the view of the department that the CPRS is the central plank of emissions reduction efforts. That said, though, we do recognise that other measures will be needed to support the CPRS and to ensure that we have a comprehensive strategy. I would encourage you to talk to our colleagues in the Department of Innovation, Industry, Science and Research who are responsible for the green car fund, and, as we have said earlier, our colleagues in the transport and infrastructure portfolio, to seek their views on these sorts of approaches.

Senator LUDLAM—I will certainly be doing that. If the CPRS really is a central, key part of the policy on climate change in the transport sector, then, once the three-year holiday is over and the price signal is flowing through to motorists, in a low-carbon price environment of, say, \$20 a tonne, what impact would that have on petrol prices?

Ms Thompson—I am not sure that I have got that figure with me, Senator.

Senator LUDLAM—Even in rough numbers what does it mean?

Ms Thompson—I am sorry, I have not brought that with me. I would be happy to take that on notice.

Senator LUDLAM—Even to within orders of magnitude. It can be a bit difficult to have the conversation if you are not sure, when the CPRS kicks in, what impact it will have on motorists. I am a bit surprised that that is not information that you would have. Has the modelling been done?

Ms Thompson—As I say, I do not have that information in front of me. I would like to go back to the department and check before I provide advice.

Senator LUDLAM—That is okay. I guess what I would be looking for is, under a low-, medium- and high-carbon environment, at, say, \$20, \$50 and \$80 a tonne carbon price, what signal does that send at the pump? We have just been through a 48-month cycle of very high oil prices and now we are back into the medium range again and it has not got that many people out of their cars. There are a lot of other factors that are doing that. Why are you so confident that simply adding another couple of cents at the bowser is going to have such a big impact?

Ms Thompson—As I said earlier, I am not sure that I can speculate at this stage as to what the impact would be at the bowser because, as I said earlier, I do not have those figures in front of

me. I think views differ about the impact of prices on people driving their cars and using public transport. Personally I have noticed that if you drive along a highway, even in Canberra, the number of small cars on the road is—anecdotally, at least—hugely different than it was, say, five years ago. I think that price impact is starting to have an effect. Some of the long-held views about the inelasticity of demand for fuel are perhaps being contested a bit at the moment.

CHAIR—Can I clarify: what you are saying is that there is less traffic now than there was five years ago on Canberra's high ways?

Ms Thompson—No, I am not saying that at all. I am just saying that, if you look on the road, as a casual observer, it appears that there are many more small cars than there used to be previously.

Senator LUDLAM—I understand you do not have this material with you at this time, but I would be interested to know—again in that range of carbon prices—what the impact is on a bus operator as opposed to somebody driving a private car? What is the impact on a heavy rail operator, who has to pay for electricity to run the train? I am just presuming that the department has already done this sort of thinking. Can you tell us, on notice, what your target reductions are against a given carbon price in the transport sector in particular?

Ms Thompson—As I said, we are happy to take that away and have a bit of a look at it. Obviously it does depend to some extent on what the actual base price, if you like, at the bowser will be.

Senator LUDLAM—That is true as well.

Ms Thompson—I guess part of the intent of the Carbon Pollution Reduction Scheme is that it endeavours to seek to reduce emissions at lowest cost across the economy. If it transpires that emissions can be more cost-effectively reduced in other areas of the economy than transport, as you said, perhaps because demand does turn out to be inelastic in that sector, that is actually how the CPRS is designed to work. To put it frankly, the atmosphere does not mind from which sector of the economy the emissions reductions occur. That is not to say that we do not agree that transport emissions are very important and need to be addressed.

Senator LUDLAM—Because, while people are cutting carbon emissions in lower cost sectors of the economy, we are still driving around in oil-guzzling cars and the vehicle fleet in Australia is particularly inefficient by the standards of comparable nations. If we come home from Copenhagen with scientifically defensible greenhouse gas targets and we have to make across-the-board cuts in the 60 to 80 per cent range over the next 20 years, will we be in a position to do that in the transport sector if all we are relying on is a price signal? The impact of that will be quite delayed, I suspect.

Ms Thompson—Senator, is that a question?

Senator LUDLAM—That is a statement, not a question. I will leave it there. Thank you very much for your time this morning.

Senator BACK—This is not directly related necessarily to transport, but if there is a target of 70 per cent reduction and there is going to be a delay for a couple of years in the transport sector, where would it be intended that that deficiency or shortfall would be picked up, or is it not to be picked up?

Ms Thompson—Again, that is a good question. The government's target is actually for a 60 per cent reduction by 2050 and the government has also announced a target range for 2020. Sorry, Senator, I am not quite sure what your question is. The government has said that there is a minus 5 per cent target reduction that it will do come what may and it could go up to minus 15, depending on the outcome of the international agreement. So I am not quite sure—

Senator BACK—I am not a hundred per cent sure what my question is either, except to say if you set targets and you then exempt some participants who are contributing to it, is it the fact that you then let the target slip or do you face greater impost on other participants to make up the shortfall which those who have been exempted enjoy?

Ms Thompson—As we have discussed earlier, the approach for fuel is time limited and will be reviewed. The CPRS is the most comprehensive emissions trading scheme that is in prospect anywhere in the world at the moment, at 70 per cent of the emissions covered, and the government will consider including agriculture from 2015. So I think people will be playing their part in the economy as a whole.

Senator LUDLAM—I suppose what I was trying to tease out before is that if a carbon price adds, say, 10c a litre to petrol, that kind of signal will tend to be swamped by the variability that world oil prices deliver us month on month anyhow, whether it is rising or zigzagging up and down. I would like to see some evidence that would back your confidence that that is the key policy driver for reductions in the transport sector—the price increase in fuel. I suppose that is what I am after. You have placed a very strong emphasis in your evidence this morning on the CPRS as the key policy initiative that is going to deliver reductions across the board. We are concerned here with steeply rising emissions in the transport sector, which is going to have to play its part sooner or later.

Ms Thompson—Again, it is perhaps useful to try to clarify the evidence that I am endeavouring to give. As I said earlier, the government is implementing the CPRS as the main mitigation plank. However, it is the nature of a carbon pollution reduction scheme that is affecting a number of sectors in the economy that it is seeking to drive emissions reductions where they are going to be most cost effective. That said, the implementation of the price signal means that everyone starts, for the first time, to factor pricing that externality into their decision making going forward.

Senator LUDLAM—I have a final question, on a change of subject. Can you tell us anything about the effect of concessionary treatment of private cars' fringe benefits tax in encouraging car use? We had evidence yesterday that suggested that about 40 per cent of peak hour traffic is cars that are FBT exempt. That is one very clear area of Commonwealth policy that I can safely say has had a bit of a kicking during this inquiry so far. Do you have any data or research about the impact of that on transport?

Ms Thompson—No, I don't, Senator. I am happy to take that on notice and see if the department holds any information on that. I am not aware of us doing any work on that.

Senator LUDLAM—If any thinking has been done I would appreciate that. Thank you again for coming in.

CHAIR—Thank you very much, Ms Thompson, for your assistance to the committee.

[10.11 am]

HOLLIDAY, Ms Susan, Acting Chief Executive Officer, Planning Institute of Australia

PARSONS, Ms Catherine Anne, Project Manager, Planning Institute of Australia

CHAIR—I welcome the Planning Institute of Australia. Do you have any comments to make on the capacity in which you appear?

Ms Holliday—I am also the immediate past National President of the Planning Institute of Australia.

CHAIR—Before we go to questions, I will invite you to make a short opening statement.

Ms Holliday—Thank you. I am very briefly going to let you know how the Planning Institute deals with policy issues such as the one that you are considering. We obviously represent the planning profession throughout Australia. The institute has about 4½ thousand members out of about 7½ thousand people who admit to the census that they are urban and regional planners. We have a national policy committee and we have policy committees in each of the states, where we have divisions. I chair the national policy committee, and we prepare a series of policy statements. We have a report card on the planning systems, which we talk about every year—how the states and the Commonwealth are doing in terms of setting up an ideal planning system. It would be fair to say that one of the key policy planks in that report card is the importance of integrating public transport and infrastructure with land use planning. While it was not specifically part of your terms of reference, that is one of the issues that we would obviously like to talk about today if we have an opportunity. I would like to ask Cathy to highlight the key issues that we have put before you, which she will do very briefly, and then we are happy to take questions and perhaps talk about some of those broader issues.

Ms Parsons—I think it is perhaps worth emphasising a couple of the points that we made in our submission. Firstly, as Sue says, we believe that the need for integrated land use and transport planning is paramount, and I think that is a theme all the way through our submission. Examples of where this has not occurred effectively, and the implications of that, are in pretty well all of our major cities, where new home buyers tend to relocate to outer areas where there are cheaper house and land packages. Usually there is no public transport provided in the early stages of development. They are usually forced to buy one car, or even two cars, and once they start commuting using their own vehicles it is very hard to shift them back into public transport when it is eventually provided.

Under the first terms of reference in our submission, we talk about the audit of the state of public passenger transport. I do not know whether you have had an opportunity to have a look at the report by Booz & Co. that we referred to. It was a report that was prepared for the Victorian state government, and it compared Melbourne's public transport provision and operation to a number of other cities both overseas and in Australia. There are a couple of points that I think are probably symptomatic of all Australian major cities. One is that the public transport network is relatively poor, certainly compared to overseas countries, particularly in Europe. The densities of

public transport provision in Europe were three times those of Melbourne by both the measures of per urban hectare and also per capita. The other key point is the relative speed of public transport versus cars in Melbourne. That showed 74 per cent of the average car transport. So, again, it is not attractive to use public transport.

Ms Holliday—On that very point, could I add that if you look at the major international cities with whom we as a nation compete, in the last 10 to 20 years almost all of those cities have made significant investments in public transport. During the same period we seem to have been making significant investments in road transport—and that may obviously be a catch-up. Nevertheless, I think it would be fair to say that Sydney—and I am from Sydney; I was Director-General of Planning in the New South Wales government for 5½ years—if it is going to continue to be our pre-eminent global city, has to compete globally, and investment in public transport, which has not been made significantly probably since the city was 50 to 60 years old—in other words, the public transport network is a network for an older city—

CHAIR—As someone not from Sydney, could I ask: when you say 50 or 60 years old, when was that?

Ms Holliday—I would say in the 1950s or 1960s. The public transport network fits a city of 1960, which was probably a city of not quite 1½ to two million.

CHAIR—I interrupted you, Sue. Thank you for clarifying that. We have had a hearing in Sydney, so we will talk later about that.

Ms Parsons—Coming to term of reference (c), one point about benefits that I did not make is that we are working on a project with the Heart Foundation and the Australian Local Government Association called Healthy Spaces and Places. One of the key aspects of that study is the need for integration between public transport and bicycle and pedestrian networks and, in particular, the health benefits of that linkage.

With regard to ‘(d) measures by which the Commonwealth government could facilitate improvement in public passenger transport services and infrastructure’, again we make the point about the need for better integration between land-use planning and transport provision and we draw out some examples of more effective funding of public transport where specific policy objectives might be met—that is, public transport is funded only if certain policy objectives are met. Most of those would relate to the type of land use in the area. Another key point we would like to make is about the need for integrated ticketing systems. Unless it is easy and cheaper for people to transfer from mode to mode, the whole public transport operation is very inefficient and less attractive to commuters.

Under (e), we allude to the fact that the Commonwealth has previously funded urban public transport. Although I might not look that old, I was actually working on this program in 1974 and I can say that the benefits of the program, although there was not a lot of money going in, were that it could encourage the states to look at a more standardised approach to infrastructure provision, rather than wasting their time developing systems in isolation. It also was used to encourage innovation—so more innovative public transport options at the time such as battery powered buses and the possibility of a standard urban public transport train. They were two things that were important at the time.

In the last point in the submission, ‘Best practice international examples’, we refer to a system in the Netherlands. It seems to me quite a neat way of dealing with the provision of public transport and location of new developments by zoning the proposed developments according to a mobility index. What this aims to do is to minimise the use of cars and maximise the use of public transport. That might be a useful example for you to look into in more detail.

CHAIR—Thank you, Ms Parsons. Thank you, Ms Holliday. And 1974 was a good year because I fell in love with Suzi Quatro.

Ms Parsons—I even know who she is!

CHAIR—If she had only met me when I was at high school! I am still in love with Susie Quattro, by the way. From the Planning Institute of Australia’s point of view, Melbourne’s public transport system is poor.

Ms Holliday—No, I do not think we said that. We said that the Booz report found—

Ms Parsons—It does not perform as well as many other cities.

CHAIR—I only know the CBD—I do not make a habit of travelling around the suburbs in Melbourne—and, from what I have seen of the CBD, I think they have a wonderful transport system.

Ms Parsons—They actually perform better than some other state capital cities, and that report will show that. But, compared to what is achievable in terms of what happens now overseas, it is a relatively poor network and, in terms of the speed of the transport system, it is slow compared to cars.

CHAIR—We do not have any Victorians in the room, so we will not get into a Melbourne versus Sydney argument.

Ms Holliday—The same would apply to Sydney. That report was commissioned by the Victorian government and it was basically to look at the density of the network—in other words, how many lines were reaching into how many communities. What it found was that that network was a very limited network relative to some of the other cities it benchmarked itself against.

CHAIR—I think the important thing from your submission, and it is coming out loud and clear from everyone we talk to, is the lack of foresight when suburbs go up. Younger families are moving to far-flung suburbs further and further out from the cities. You and every other witness have said that they are ones who would use public transport, but unfortunately it is not even thought about. I do not know what goes on in those outer suburbs—and it is not restricted to Melbourne and Sydney, let me tell you. Would you like to further inform the committee of what could be done and what would be a better way? Do we have to kick down doors and make local councils sit down and think about planning so that, as soon as they talk about the name of the suburb, they ask, ‘What are we going to do about public transport?’

Senator HUTCHINS—Ms Holliday, you said you were the director of planning.

Ms Holliday—Director-General of Planning in New South Wales, yes.

Senator HUTCHINS—In which years?

Ms Holliday—For 1997 to 2003. I worked in the department as the deputy for seven years prior to that. I worked in the department from 1978 until I left in 2003.

Senator HUTCHINS—So you have a fairly good insider's view about planning issues then.

Ms Holliday—I think I could say that I do. I was part of establishing the urban land development program when it was first set up in Sydney, which was the first such program in Australia in 1979.

Senator HUTCHINS—So you had experience of a change in public policy from the time you started in planning to the time you left.

Ms Holliday—I do not know that one could say that the policy has changed. For as long as I have been in Australia, which has been since 1978, it would be fair to say that transport and planning have always been dealt with by separate ministers. Transport and planning have always been seen as separate issues. I think it would be fair to say that many transport planners and transport ministers would say that the most important thing is to put down the transport and the land use should follow. It is my hypothesis that, if you integrated land use and transport, you would actually have a plan which would make sure that both the land use and the transport supported each other.

Senator HUTCHINS—Some of the south-western suburbs of Sydney have been planned over the last few years, and in the western suburbs and north-western and all that.

Ms Holliday—That is correct.

Senator HUTCHINS—We have had evidence in Sydney where the private bus operators have been told there is a suburb out there, Bonnyrigg Heights or whatever it is called, that is now going to have 1,500 houses in it and they are not even part of the planning process. Is that one of the criticisms you would make? That is what we have heard. Is that your experience as well?

Ms Holliday—The private bus system is another issue. I do not think that is the major problem. I think the major problem for the private bus operators is that they are not allowed to cross their boundaries, which are established by the minister for transport without any consultation with the planners. So they have a licence within a particular area and they cannot compete across those areas. As a result there is very little competition happening in order to improve public transport and there is no incentive for them to really improve the service.

Senator HUTCHINS—We have had evidence about them not getting told there are 1,500 houses plopped there over two years and they are trying to get people on the 7.57 from Fairfield that goes into Parramatta or Granville.

Ms Holliday—There is a busway.

Senator HUTCHINS—And they are just not part of the planning decisions at all, even in terms of the construction of the roads so that buses can get around.

Ms Holliday—I do not think that is entirely fair, because the bus people do sit on various committees. I think it would be fair to say that it is a very good example of a lack of integration between land-use planning and transport planning. That happens all the way down. The fact is that the Commonwealth says it is not involved in land-use planning but every year puts millions of dollars into roads and millions of dollars into health and millions of dollars into education—

Ms Parsons—And airports.

Ms Holliday—And airports, and says it is not involved in planning. That really is not a sustainable argument anymore because each one of those investments has a major impact on the planning structure of cities.

Senator HEFFERNAN—So, say, go down Dairy Flat Road or somewhere out there and some carpetbagger goes out and buys 200 acres and says, ‘We are going to turn that into a new subdivision and we will have to take the councillors to lunch a few times to get them familiar with what we are trying to do,’ and—

Senator HUTCHINS—It has been in Wollongong.

Senator HEFFERNAN—And eventually it get through local government.

Ms Holliday—That is not how it actually happens.

Senator HEFFERNAN—No. That is the rough—

Ms Holliday—No, because in the major cities you have got a program—

Senator HEFFERNAN—They do, but they plan a long way ahead.

Ms Holliday—That is correct.

Senator HEFFERNAN—There are taxes levied on the developers for infrastructure?

Ms Holliday—Some infrastructure.

Senator HEFFERNAN—Is that seriously inadequate? What do they do with the tax they collect?

Ms Holliday—It used to be that they would build local roads, local parks and libraries and services to the local community. In New South Wales in about 1996-97 the state government changed that and started increasing the levies—you will be very aware of this, I am sure, if you have been to Sydney—to cover regional roads, public transport and rail infrastructure in order to ensure that that infrastructure was available prior to the community being constructed.

Senator HEFFERNAN—So you think that money has been used for the purpose for which it has been collected? Or has it just gone into consolidated revenue and disappeared?

Ms Holliday—Treasuries not only New South Wales but I understand even in the Commonwealth hate hypothecation. In other words, they do not like collecting specific money for specific taxes.

Senator HEFFERNAN—With a tag.

Ms Holliday—Yes. So I cannot answer that question.

Senator HEFFERNAN—Well, don't. Is one of the problems that the real cost of the urban sprawl is not reflected in—

Ms Holliday—That is one of the problems, but that also applies to the real cost of increasing densities in the inner suburbs and ensuring that the sewer system is effective and things like that.

Senator HEFFERNAN—And the dual water systems.

Ms Holliday—All of those sorts of things in those areas also to come up to level. That is what I meant when I said earlier that we are dealing with a 60-year-old city that has not been brought up to modern levels.

Senator HEFFERNAN—Its water infrastructure has exceeded its capacity.

Ms Holliday—Water, sewerage, roads, public transport.

Senator HEFFERNAN—I well recall, Mr Chairman, that some years ago there was a proposition to build a fast train from Sydney to Melbourne.

Ms Holliday—There was. Three times I have been involved with that.

Senator HEFFERNAN—There were two. One was down through the snowfields for Sir Peter Abeles. I went down to Gippsland and got the greenies to bung on a blue, and we then our got our proposition to have an inland corridor that came back through Canberra.

CHAIR—Sorry, Senator Heffernan, Senator Hutchins did have the call.

Senator HEFFERNAN—I just want to make this point—the cost of building that line which would be a 100-year corridor, which Goulburn would have missed out on because they did not have and still do not have water, was less than refurbishing the sewerage system of Sydney. There is a huge real cost, which is not reflected in the planning, to grow the monolith of an urban sprawl.

Ms Holliday—Getting back to public transport, which is of course the issue at the moment, one of the things that has happened is that there has been some financial models that allow the private sector to assist in building roads, but so far there has been very little work and no outcome in terms of encouraging the private sector to invest in public transport. I was involved

in introducing the first light rail in Sydney, which we did with the Better Cities funding, which the Commonwealth made available in 1992 I think it was. That was in Ultimo-Pyrmont. That company wants to expand that system in Sydney and is constantly blocked by the state government.

CHAIR—On that we will come back to the Sydneysider himself, Senator Hutchins.

Senator HUTCHINS—Ms Holliday, I am glad you explained and emphasised to us the Commonwealth involvement in land use, which I think ultimately is responsible for people's transport habits to a significant degree. On that basis I have a final question before I let Senator Ludlam or someone else have a go. The Bus Industry Confederation firmly believe that there should be a Commonwealth ministry of public transport. Does the institute have a view on that?

Ms Holliday—We have not turned our minds to that. From the institute's perspective we have been making representations to the Commonwealth government now for many years about how to build more sustainable cities and more liveable communities. Our view is that the Commonwealth does need to be involved. It does not need to do the planning but it needs to use its extensive influence by having resources to dangle some incentives to the states and local governments to do things better. While I do not want to hark on Better Cities, Better Cities was able to say, 'You can have some money but in return for having some money you have to have affordable housing, public transport investment, innovation and good strategic planning that links transport and land use.' By hanging those incentives off money a lot was able to be achieved at the state government level that would not otherwise have been able to be achieved because, obviously, they were desirous of being funded. Policies were able to be changed as a result of the Commonwealth's involvement. They did not have to do it. And we do not think it is the role of the Commonwealth to do it, but we do think it is the role of the Commonwealth to acknowledge that they influence cities, that they influence the way cities work, that cities are the competitive drivers for Australia in terms of its economy and, as a result, the Commonwealth needs to take an interest in cities, it needs to be there and it needs to be encouraging the states to do better.

Senator HUTCHINS—In your experience, are there states which have local government authorities that are little bit more imaginative, as opposed to ones that are less imaginative?

Ms Holliday—Yes. I work right across Australia now, and I do not think there is any question that local government in New South Wales and in a couple of other states is too small. It needs to be a much larger entity that can afford to do planning better, can afford to be more innovative and can afford to run itself as a business. You only have to look, for example, at the difference between Sydney and Melbourne local councils to see that the councillors in Victoria are, on the whole, younger, more business focused and more professional than you would find in the average local council in New South Wales.

Senator HUTCHINS—You may recall that Neville Wran tried to amalgamate a lot of councils.

Ms Holliday—And every premier since has promised never to do it.

Ms Parsons—Brisbane City Council is a very good example. It has been able to integrate public transport much more effectively, having only one council in that city.

Senator HUTCHINS—They have full-time councillors as well, with offices and staff.

Ms Holliday—That is right.

Ms Parsons—I would like to add another point. Sue mentioned the fact that PIA commissions a report card every year from planners around Australia. One of the points that they have made every year is that public transport does not have sufficient investment compared to roads. Usually in most of the states, the roads authorities are much more powerful than any public transport organisations, which are often fragmented—you might have someone who deals with trains, someone who deals with buses and so on. So there is certainly an issue with state governments putting significant investment into roads and much less into public transport.

Senator LUDLAM—At the beginning of your opening statement you talked about an index. Was it a mobility index or a public transport index?

Ms Parsons—The ABC system in the Netherlands?

Senator LUDLAM—Yes.

Ms Parsons—It is referred to in the final part of the report.

Senator LUDLAM—Is that a way of being able to compare one development against another?

Ms Parsons—The aim is to allocate the right business in the right place. That is how they describe it. The ultimate objective is to reduce the extent to which car travel is required when you allow a business to locate in a certain area.

Ms Holliday—One of the initiatives that I know the New South Wales government was preparing, in addition to its basics tool—the sustainability tool—was a metrics tool. The metrics tool was a tool that would enable possible rezoning to be rated in the same way that you can rate the design of your home, using basics. Public transport accessibility was a very high criteria if you wanted to see that your rezoning was going to be sustainable.

Senator LUDLAM—Along those lines, if the Commonwealth ends up disbursing substantial amounts of money to the states and territories—through Infrastructure Australia or a Better Cities unit or some agency—according to some kind of criteria, what sorts of models would you be putting forward to help them filter proposals?

Ms Holliday—We would be hoping that the criteria would include some of the issues that I have raised this morning, including making sure that a strategic plan has been prepared—for example, an economic plan, a land use plan or a transport plan—before money is handed out. The European Union has done this now for years. You cannot get money in the European Union for investment in your CBD renewals unless you have a regional economic plan that has been approved by the European Union. It is a very effective tool in making people stop and think

strategically before plopping down a piece of infrastructure. To be honest, our concern, is that next week we are going to get a list from Infrastructure Australia that says, 'Here are 15 major pieces of nation-building infrastructure,' without any strategic planning having been done.

Senator LUDLAM—I am prepared to spend a bit of time in tears after we see that they have approved Colin Barnett's freeways in Perth. But we will wait and see. Some of the questions that the chair was asking earlier were about densification and concentrating people around public transport nodes. The counterargument that is put by the IPA and maybe some developers and folk like that is that if you densify and you put an urban growth boundary and you stop the sprawl from rolling over agricultural land and so on, the first thing that you will do is put up the land price on the urban fringe and that is the last thing that we want to be doing. What is the counterargument to that?

Ms Holliday—The counterargument to that is that it is not one or the other; it is both. In other words, we obviously need to have an orderly release of land on the fringe of cities. We also need to increase the density in the inner and middle parts of our suburbs which are relatively underdeveloped. There are various opportunities. A case is regularly put that somehow if we talk about increasing the densities of our cities it means putting an end to sprawl. 'Sprawl' in the most negative sense, yes. But there should be an orderly and managed release of land that is already out there but has not been brought to the table.

Senator LUDLAM—Positive sprawl; kinder and gentler sprawl. Do you have a view on an appropriate or an ideal level of density for Australian cities? I know that we do not necessarily want to wind up looking like Hong Kong or Manilla.

Ms Holliday—No, and I do not think that we will end up like that at all.

Senator LUDLAM—I do not think that we will, either. But there is a bit of a view out there that we need to lose our fear of heights and build up a little bit. Some people would say that we should not go any higher than four stories. Does the PIA have a view?

Ms Holliday—Yes, we do. We say that height should be considered in the context of a proper strategic plan. A height that is perfectly okay in certain locations might not be okay in others. We are not going to lose our leafy suburbs in Australia—there is no question about that. But there are parts of our cities that it would be quite appropriate to have 18-storey or higher buildings—even in Canberra. Dare I say it, there are parts of Canberra that need for their economic well being to have a higher density to create the liveliness that comes with being a good city to encourage young people to come and stay.

Senator HEFFERNAN—Could you go down and talk to Woollahra Council about Double Bay and whether that suits them. There is a slight blue going on down there.

Ms Holliday—I do not think that we are looking at an average density for Australian cities. We are looking at different densities depending on the location.

Senator LUDLAM—We had a researcher come and speak to us yesterday who had a model that would put 700,000 people into Melbourne along the light rail corridors without developing a single hectare on the fringe. Obviously, these things are possible.

Ms Holliday—Exactly.

Senator LUDLAM—We talked a little bit about the densification of the transit nodes and doing sprawl better. But how on earth do we retrofit the sprawl that we already have? What do we do with hundreds of thousands of people living in very auto dependent suburbs today?

Ms Holliday—One of the things that is really difficult is to get people to imagine those suburbs. People in my experience struggle with change. We might talk about the south-west of Sydney, for example, and you say: ‘We’re releasing more land. Why don’t we make a town centre there that is in fact six storeys high?’ Everyone goes, ‘But that’s just farmland at the moment.’ They cannot possibly imagine that high density in that kind of location. We have to change our thinking and help people imagine things differently.

I was involved in developing the Rouse Hill town centre, which is in the north-west of Sydney. It was a golf course. At about four to five storeys, it is now a really lively town centre, with higher density apartments as well as lower density housing surrounding—in the middle of, as some people might say, nowhere. But we know that that whole area is growing. That is going to have—eventually—a public transport link to it. That is what we need to be thinking about for some of those sprawling suburbs. Let us retrofit their town centres and invest in public transport.

Senator LUDLAM—And one fewer golf course.

Ms Parsons—The other thing is getting away from the conventional idea about public transport, which is that public transport is on a fixed route. There has been a lot of work done—and you might have had people already talk about it—on the idea of what they call paratransit, which is much more flexible and responds to demand. In those areas where you might not be able to sustain a regular—

Ms Holliday—A fixed rail or—

Ms Parsons—There are other options.

Senator HUTCHINS—Last year, Senator Marise Payne chaired an inquiry into housing affordability. We went out to Campbelltown and south-western Sydney. There were blocks of units right near the railway station in the Campbelltown suburbs. People could get from Campbelltown to Sydney sometimes in 50 minutes. But people were not interested in living in blocks of units right near the railway station. They still wanted their quarter-acre block. What is your magic wand to persuade people to do so?

Ms Holliday—Jobs.

Senator HUTCHINS—All they would have to have done was walk from their block of units to the railway station and they could quite easily get into the city—in 50 minutes.

Ms Holliday—Jobs locally.

Senator HUTCHINS—But if you had a local job—say somewhere around Campbelltown—you would probably drive there. It would probably be easier.

Ms Holliday—Supposing that local job was in Liverpool and it was not very well paid so—

Senator HUTCHINS—It is not the job.

Senator HEFFERNAN—Civilised live style.

Senator HUTCHINS—The idea was that they did not want to live in a block of units; they wanted their quarter-acre block.

Senator HEFFERNAN—Don't you think one of the drivers would be a civilised life style? If you have four kids locked up in a small—

Senator HUTCHINS—But it was not even that. It was even single people. I am just saying that there must be more than a broad-brush approach. My colleagues can look at the *Hansard* from that period. The council just said that they are surprised that they cannot get people to do it, because they still want their quarter-acre block.

Ms Holliday—There are always going to be some people who want quarter-acre blocks. If you are going to have travel 50 minutes, even by public transport—and that means that it is probably an hour and a half by car—then the reason that you would choose to live in Campbelltown would be because you can get a quarter-acre block. Well, it would not be a quarter-acre block—

Senator HUTCHINS—You know what I mean.

Ms Holliday—It would be 500 square metres. You can get it there less expensively than anywhere else. If you are going to live in an apartment, you want certain other amenities around that apartment. That is why people choose to live in an apartment rather than a single family dwelling. On the whole, people with four kids do not live in an apartment if they can possibly afford it. You need a choice. You need housing choice in every location. It depends on your stage in life and where your job is and what kinds of options you are looking for. Campbelltown centre is probably not going to provide a lot of young people with the kind of amenity that they would be looking for if they were going to buy an apartment as a first home. They would rather buy that apartment somewhere else where there is higher amenity for after work activities.

Senator HUTCHINS—This is your Rouse Hill idea.

Ms Holliday—Rouse Hill is just one example where we built the town centre with a view to try to encourage mixed used activities et cetera. It will not happen overnight, but that is the kind of thinking that has been put into mixed use communities that have public transport, higher density, activities, employment and retailing all mixed in an integrated way.

Senator HUTCHINS—We had evidence of this yesterday about the Southern Cross Terminal.

Ms Holliday—In Melbourne.

Senator HUTCHINS—Is that another example of that idea?

Ms Holliday—Yes.

Ms Parsons—I do not know whether those units in Campbelltown at the station are old or not, but the experience in Canberra has been that you need to have reasonably good quality units. You cannot just stick up any old thing and expect people to find it attractive because it is near the station.

Senator HUTCHINS—I did not get that impression. They were surprised that they could not attract people.

Senator HEFFERNAN—It depends how many third generation unemployed are living in the region, too. That can make it very dysfunctional.

Senator LUDLAM—There was a lot more science that poured out of a meeting in Copenhagen last week around how rapidly we have to come to grips with greenhouse gas emissions—and, around the world, people are already starting to talk about zero carbon cities. When that finally seeps into Australia, people will be looking to organisations such as yours to help us get there. What does a zero-carbon Australian city look like? I thought I would leave you with an easy question before we wrap up! Is such a thing even possible? What would it look like?

Ms Holliday—I think a zero-carbon city is going to be pretty difficult because of the embedded carbon in the built materials that we use. Even if we significantly improve the public transport system and we all work locally, using our bicycles to get to work, there is a lot of embedded energy in the materials that are the favoured built materials that we use in Australia that will mean that a zero-carbon city is probably very difficult. The Planning Institute has been working with the Australian Greenhouse Office, and now the Department of Climate Change, to go right around Australia to talk to planners about what they know about greenhouse and carbon trading and all of those issues. We are putting a proposal forward to seek some further funding to build a toolkit—sort of guidelines—for how the planners in Australia can help their local communities think about these issues better. Hopefully, planners are out there working with their communities, thinking about their future and helping them shape their future. If they are not fully au fait with how to build a low-carbon future with their communities, even if it is not a zero-carbon future, then we have a real issue at the grassroots level. So that is something that the Planning Institute are very aware of, and we are hoping that we will be successful and get a small amount of resources to build these guidelines and toolkit to help our members and others know better how to help their communities think about these issues.

Senator HEFFERNAN—Let this poor new man have a bit of a crack.

Senator LUDLAM—Go for it.

Senator BACK—These are discussions that we are no doubt going to have some time in the future. Given the amount of carbon that is in our bodies, and the amount of carbon dioxide we exhale, I wonder whether we are going to get to zero-carbon cities. But, anyway, I am sure we can have that—

Ms Holliday—We can head in that direction, Senator.

Senator BACK—Yes. I am only very new to this process, as Senator Heffernan said, and I am probably still at the stage of coming to this from the viewpoint of an end user wondering why this all this has not been sorted out—

Senator HEFFERNAN—We hope you never change, Senator.

Senator BACK—Thank you. What is interesting is that, you attend local government sponsored functions—one at which you spoke at recently in Perth, Senator Ludlam, for what is called the south-west group, a group of councils in the south-west area of Perth—and you also attend state government activities and others, and then you come to here and ask yourself, as a citizen: why has it not been sorted out? I have heard you say today that the Commonwealth must have a role. It hurts me deeply as a Western Australian to say it, but it has been blindingly obvious even to us, as far away as we are, that there should for years have been a high-speed public transit system from Sydney through Canberra to Melbourne—and then eventually, no doubt, extending to Adelaide and Brisbane. Those of us who listen to these discussions about third runways and third airports all see that every other place in the world has a major airport that is linked by a high-speed train. My question to you, in a crystal ball sense, is: surely this could have been sorted out? What are we moving to and how are we moving to make common sense prevail?

Ms Holliday—I have been involved in my role with the New South Wales government in three different attempts to get the very fast train, both from Melbourne to Sydney and from Canberra to Sydney. It has always fallen down on details such as taxation incentives and other sorts of planning issues. Believe it or not there has been a design for a raised platform on which the train would travel, because you cannot really get a very fast train without building a new platform. And then obviously people worry about the farming communities and how that might split farms.

There are always very difficult issues to resolve and the argument in favour of that kind of investment has never outweighed those other arguments. I would say that that is a very important investment and I completely agree with you, but if I had to choose between that investment and putting investment into improving the public transport system and our cities, and I am thinking about who would benefit and how we would benefit in terms of our international competitiveness, I would have to say that our public transport investment in bringing our cities up to scratch and up to date probably would outweigh the economic benefits of a very fast train. Having said that, I am a great fan of the very fast train and it would be great to see some of those other impediments overcome.

Senator BACK—How did we come to a coordinated approach nationally? What role can the Commonwealth play and how does it play that role? You made the comment about local government and I will give you one very quick example from Brisbane. With the Brisbane River and the ferry system now, probably the best thing would be to go up and down the damn thing. In Perth they tried to bring in a Fremantle to the city fast ferry service. With nine or 11 councils all involved, you can imagine the thing never got going. Here we are looking at this question from a national perspective, what is the way ahead?

Ms Holliday—You touched on governance in your last statement and the way in which as a nation we are structured to make these kinds of decisions. In Sydney when I was director-

general, I had 45 different councils to negotiate with if we were going to impose or achieve any kind of Sydney-wide change. You cannot really manage a city strategically if you have 45 individual councils that you have to persuade individually that what you are doing is best for the city. I remember a former minister saying to one particular mayor, 'You have your area to worry about, but I have the whole of Sydney to worry about.' Of course that particular mayor did not care because he was going to be re-elected in his little area and that was all he was concerned about. You have Australia to be concerned about and I am sure it gets very frustrating when individual states are particularly parochial about their own interests. Governance is one of the issues.

The Commonwealth must acknowledge that, by its current activities, it plays a role in the future of our cities and that they are a very important economic driver for the Commonwealth. Acknowledging that would be a real step forward; not doing it but acknowledging that you do have a role to play would be a big step forward. I think if you are going to have something like the very fast train, in the same way that the minister in New South Wales just introduces a piece of legislation and overrides all the local councils to make decisions about major matters, perhaps for those kinds of investments you need to think about some legislation that assures that individual parochial local and state interests do not stand in the way of those kinds of investments. When it comes to looking at city public transport, the Commonwealth can say: 'We will invest in public transport. We are going to stop putting all our money into roads because we have models that will encourage the private sector to invest in roads when the global financial crisis is a bit better.' We do not have any model at the moment to invest in public transport, so public transport investment using whatever Commonwealth tools possible should be seriously looked at because our cities are completely out of date and our communities are suffering, and our competitiveness is suffering.

Senator HEFFERNAN—Can I just go to our out-of-date cities and the paradox of urban consolidation and urban sprawl. In any long-term planning is there a need for a CBD structure in a city?

Ms Holliday—Is there a need for a CBD?

Senator HEFFERNAN—Yes. With modern communication, transport and people emailing each other across the table and not even talking at one another, in the long term why do you actually need a CBD?

Ms Holliday—Because business is still done on a face-to-face basis. Of course it is done remotely and of course emails make an enormous difference, but if you talk to people in Sydney, for example, why are all the major financial people in one part of the CBD? It is because they want to bump into one another: they want to talk to one another and they want to be able to eyeball one another quickly and easily.

Senator HEFFERNAN—There is a cost. I am sort of half a Green, you know. It is interesting that growth of all human activity, from the growth of human mass from the day they first registered mankind on the planet until 2000, will double in the next 10 years, and then double again in the 10 years after that.

Ms Holliday—And we can save the greenhouse—

Senator LUDLAM—The trend is in that direction, but I do not think the planet can accommodate that occurring.

Senator HEFFERNAN—Under the nine-billion people plan, I agree. What is the carrying capacity of the planet?

Senator LUDLAM—The trend is that way.

Senator HEFFERNAN—With that sort of thing in the pipeline, whether the science on that is half right or a quarter right, I really do not think the idea that you can continue to consolidate, go upwards and still have a civilised society is much of a proposition.

Ms Holliday—We have had a lot of discussion when we have looked at the long-term future of Sydney. We now have 4½ million people, which is a very large city world wide. Where does the growth go?

Senator HEFFERNAN—Wherever the water is.

Ms Holliday—That is true, but the Commonwealth—

Senator HEFFERNAN—Sydney was built for four million people.

Ms Holliday—No, I can assure you that Sydney was not actually built for four million people. Sydney was built for 2½ million, and it now has 4½ million people.

Senator HEFFERNAN—If it recycles its water supply, it can handle that easily.

Ms Holliday—The only way we can handle the population in Sydney, if we want to continue with Sydney increasing its population, is to make Sydney a denser city. We cannot continue to sprawl because, luckily, we have national parks on all sides, flood-liaible land, endangered vegetation et cetera. The only alternative is to send people elsewhere, so that means my kids, your kids, if they are living in Sydney, new immigrants—and the Commonwealth has a major influence on where they go—

Senator HEFFERNAN—I am all for this.

Ms Holliday—But are you going to say that we have to expand Port Macquarie and Port Stephens? Environmentally, those cities are completely unsustainable.

Senator HEFFERNAN—But 25 years ago Canberra was a very unfashionable place because allegedly it was just full of blunt, dull public servants.

Ms Holliday—Some people say that it still is.

Senator HEFFERNAN—Canberra is a great city. It is beautifully planned.

Ms Holliday—It is a fantastic city.

Senator HEFFERNAN—It is a pleasure to live in

CHAIR—Hear, hear!

Senator HEFFERNAN—So why can't you do that in other places?

Ms Holliday—Certainly, if you want to invest—

Senator HEFFERNAN—Chris, you are probably aware of a proposition in the west to plan another Perth somewhere else.

Senator BACK—Yes, it is already happening.

Ms Holliday—Look at the investment made in the planning of Canberra: if you were prepared to make that kind of investment elsewhere, probably on the coast because, anecdotally, people are reluctant to move inland—

Senator HEFFERNAN—If you look at the rainfall charts, you will see why.

Ms Holliday—and if you can find a location on the coast that is not affected by salinity, endangered wildlife or endangered flora, has adequate water and can accommodate a population of, let us say, two million people, because potentially we are looking at Sydney growing to 6½ million, so that is another two million people—

Senator HEFFERNAN—This is the discussion I think this committee should be having, by the way.

CHAIR—So do I.

Senator LUDLAM—Indeed.

Ms Holliday—I think there really is an opportunity to have a discussion about where to, after our major cities. I think that really is a very important discussion to have.

CHAIR—That is what our Victorian colleagues were coming to see us about yesterday.

Senator LUDLAM—We have not had much discussion on agricultural land and market garden land just being bowled over.

Ms Holliday—Yes, food security.

Senator LUDLAM—As Senator Heffernan said, the city will go where the water is, and that is where the farms are as well. Is that another argument for reducing sprawl, because we are just bowling over agricultural land?

Ms Holliday—I think the debate has changed in the last 10 years, specifically in the last few years, about food security and about people's concern as to where we are going to get food in the

long term. I think it would be fair to say that 20 years ago we did not really worry if the tomato growers and the vegetable growers on the fringe of Sydney were keeping their land for their kids as an investment and really wanted to stop farming and subdivide. I think now there is a growing awareness that if we lose all the really good agricultural land, whether that is for dairy or vegetables or turf or whatever, on the fringe of our cities, then we will be putting the prices up. The transport costs will mean that we will have to invest in better freight transport throughout Australia et cetera. There are some really big issues. Again, it is a reason not to unilaterally continue to let our cities sprawl.

CHAIR—Thank you very much for your assistance to the committee.

Ms Holliday—Thank you for your attention. Thank you very much indeed for inviting us.

Proceedings suspended from 11.05 am to 11.26 am

NYE, Mr Bryan, Chief Executive Officer, Australasian Railway Association

SOCHON, Mr Philippe Lomas Drakeford, Deputy Chief Executive Officer and Manager, Australasian Railway Association

CHAIR—I welcome representatives from the Australasian Railway Association. Before we go to questions, do you wish to make a brief opening statement?

Mr Nye—Yes, we do. Thank you. As you are probably aware, the Australasian Railway Association represents the totality of rail in Australia. That is not only the freight operators; it is the passenger operators, including those that are owned by state governments, as well as all the track owners and all the manufacturers. We have a broad ambit. We are very solidly behind a greater focus on public transport and we think it is timely that the Commonwealth takes a leadership role, particularly in planning. In part of our submission we talk about having a national planning strategy going forward.

The Commonwealth has been involved for a long time in public transport—to say it has not been is wrong, because it funds roads. It has dramatically funded roads and continues to fund roads above all others. Part of what is happening around the world today is that there is a growing awareness. In places like the US there has not been a new freeway built for 10 years. Car use in the US has fallen by four per cent, most of which is caused by congestion, not petrol prices. There is this growing issue of congestion.

We have some figures. There are a whole series of factors. One is safety. Motor vehicle deaths each year are 1,600 with 31,000 people injured. The cost to the federal health budget is \$16 billion from road accidents alone. Transport congestion is probably the biggest growing concern. We are suddenly getting patronage growth and it is earmarked to cost the economies of Australia \$20 billion. The other one that is coming up from around the world and has not really hit Australia is the cost of particulate emissions from motor vehicles. The deaths from that are about 1,500 per year. That is from a national survey done quite recently.

So we are really quite passionate. We want better transport planning, not only for rail but for rail in planned transport corridors with road and bus—the whole issue together. Nothing could be clearer than this example: in Sydney recently they put out the South-West Metro Strategy for the development of the urban area and transport was not mentioned once.

Senator BACK—Could you repeat that?

Mr Nye—Transport was not mentioned once in the south-west metro Sydney strategy for going forward. In a development plan for the south-west of Sydney you had a whole plan with new urban communities developed within that but no mention of transport.

CHAIR—That was a state government?

Mr Nye—Yes, that was a state government. So overall this whole focus on better planning and the leadership that the Commonwealth can provide is there. The other key issue is that the

Commonwealth continues to fund and support the car industry. You have probably heard a lot about the fringe benefits tax supporting the car user. It encourages them to travel more than 25,000 kilometres a year. In Canada they have now given the same benefit, the fiscal benefit, to employers who encourage people to catch public transport. They get a tax break to do that. They are doing that in Europe and they are even looking at that in the US now. It is that type of thing that should actually be encouraged because of greater demand and people respond to demand. Our message to the inquiry is this: it does not matter where you sit you are still involved in public transport and you have to be involved in that planning strategy. That is the whole essence of our submission.

CHAIR—Thank you, Mr Nye. Do you wish to add anything, Mr Sochon?

Mr Sochon—Not at this stage.

CHAIR—If my colleagues will indulge me, I think I will kick off the questioning. As part of your opening statement to us, Mr Nye, you were talking about tax breaks. Would you like to go into that topic a bit more for us? Do you have any figures? Would you wish to take the question on notice and supply figures to the committee?

Mr Nye—We could supply the actual provisions that they have actually got in Canada. We will take them on notice. We will take that on notice and provide those to you. That is the example that we actually think is very relevant.

CHAIR—So it is a tax break for employers and employees?

Mr Nye—It is a tax break if an employer gives you an incentive to catch the train. They get an advantage out of it. It works like the fringe benefits tax. It is exactly the same as the fringe benefits type of tax.

CHAIR—I will put this on the record. I love rubber wheels but, honestly, I know there is a role to play for everyone in this argument. I made that statement yesterday in respect of outer suburban areas. We talked a lot about suburbs that are out there, the ones that the younger people tend to go to for cheaper housing—you know the story. Sadly, what is coming out loud and clear is that those sitting in city hall do not think that they have to sit down with public transport operators and start planning so that not only do they put a suburb in but they also put in schools, roads and sewerage. They do not think for one minute that they should have a transport system running out to the suburb.

I am very strong on integration. I firmly think—and this is my narrow view of public transport in Australia—that the role of the bus is to bring the patrons to the train. The reason I say that is we have got this new system in Perth, as Senator Back knows very well, down in my part of the world. It is a beautiful train line and the integration of buses with trains is superb. But I am not saying for one minute that the public transport system in Perth is spot on. However, that integration is a classic example: you get straight off a bus and you are on a train—clean, safe, regular and reliable. There are a couple of issues here. What I am leading to is this. If we are going to encourage people to use public transport, and I understand the economics around it, part of the chain might be to include cyclists, to ride to the train station and put their bike bicycle on the train. I know that involves extra lengths to go to and all sorts of stuff, but I would like to talk

a little bit more about that. In Perth we have this situation where you can put your bike on the train. But you can only put so many bikes on and you are fighting with surfboards, as I am led to believe, and you cannot use the train in peak hours. Let us file off the rough bits. You are railway operators. Give us your point of view on that system and how it could be improved.

Mr Nye—You have picked the one example, it being the Western Australian example, where they have actually integrated and they have built that line despite all the criticism that it was not going to work. It has actually been an incredible success and already the patronage has gone beyond their expectations and they are having to buy more train sets. Some of the work that we are doing is actually looking at what the transport needs will be in the future. We are looking at more use of bicycles, so greater use of those, and future car design: what we need to put inside it and some of those sorts of things. We have a rail research centre. They are some of the things that we are looking at. Do we put as many seats in? Do we leave open areas? What is the wireless technology that we need to put in? It is also about the planning issues. You are quite right: we should have feeder buses to the railway station. Otherwise, you might drive in your car and park at the railway station before going into the city. Perth's is a very good example and we are very pro that. The sad thing is that they have now split transport and planning in Western Australia. Western Australia's government had been the only one that had them both in the same—

CHAIR—Have they split them now?

Mr Nye—Yes. Here we have a great example of why it works and how it works well in putting both together. They planned it. They put the train down the middle of the freeway, as you know well, and it worked incredibly well. It is a shining example of how things should work. It is no good having a train line if you do not have parking next to the station or a bus stop and coordination whereby the bus timetable matches the train timetable. It is all a part of putting all that under public transport planning agencies who look at it in a total fashion. The worst case would be Brisbane. Brisbane council owns the bus line and operates the bus line and the state government owns the railway line. They have two totally different objectives. So as to those types of things, we believe that by coming through a federal agency that has some leadership potential—because you are providing a lot of money out there and will continue to provide money—you can actually pull some levers to influence some of those decisions.

CHAIR—Mr Nye, what did come out of Brisbane and Sydney is that, quite rightfully, every operator of public transport wants to push their own barrow, which is fine; that is absolutely fine. But what I took away from Brisbane and Sydney was the lunacy that the left hand does not know what the right hand is doing. I think this is just absolutely abhorrent. I cannot remember specifically—it is in the *Hansard*—but when we asked light-rail operators, 'Do you talk to the bus people?', the line was, 'No, we're seen as the enemy' or 'We see them as the enemy' or 'We see them as the competitor' or something like that. You think to yourself: Hang on, if we were talking about providing an efficient, safe and reliable transport system, one would be saying, 'This is our niche and that is our niche. How can we put our niches together and deliver the best outcome for the patrons of public transport?' I am sorry, Mr Nye, but I want to go back to one thing. I understand about backsides on seats and I do understand that if you let a bike in you miss out on a few seats. Would it be fair to say that for railway operators there is not that financial carrot or operative carrot for them to provide more room for bicycles at the expense of seats? I

do not see that to save the planet and to have an efficient public transport system we are all going to start riding bikes. Bikes are part of the solution.

Mr Nye—It is interesting that some of the cities in Europe and a couple of cities in the US have actually provided central pools of bicycles, whereby you can actually pick up a bike and a helmet and you ride and return at the end of the day. You just put your credit card in and you get it back at the end of the day. We have got to accept that the population of today, generation Y, will want bicycle access and different facilities in the future. It is interesting when you travel overseas to note they have taken the seats out of some of the trains to allow people to move a lot more of their goods in and to try to offer capacity. The other element there is that it is very rare to have a public transport system paying its own way. Throughout the world that is the case, apart from Singapore and Hong Kong with their really concentrated population centres. Even the London underground gets subsidised by London council. Public utilities are subsidised by government.

CHAIR—Sure. That brings me back to my next question, and we really are talking in small amounts of dollars and cents here. As Senator Hutchins pointed out yesterday, I think, most people in Sydney do everything to avoid paying a toll at a tollway.

Senator HUTCHINS—Most times.

CHAIR—But they do not mind paying \$3 for a train ride. Anyway, we can have the most efficient, safe, reliable and integrated transport system—and this is a common question that I am asking everybody—but how do we get people out of their cars to use public transport?

Mr Nye—I do not think that at the current time you have to do much because we are at congestion point now, as you are probably well aware, in the system. There are two issues, and all the world research, through the world passenger congresses that we are a part of, indicates these. One is that if you have to spend more than an hour in your car you would swap across to public transport. That is what has happened in Melbourne and that is what is happening in Sydney. There are some other algorithms that talk about this: if you are travelling in your car at less than 30 kilometres per hour on your journey then you will swap across. But the basic figure is an hour. That is what we are suddenly hitting in Brisbane, in Sydney and in Melbourne. That is the trigger there. The key issue around the world was not on congestion charging; it was on making car parking expensive, making that more prohibitive and stopping car parking. Now there are many cities in the world where you cannot actually park in the cities. However, if you park overnight in London it is £80, or \$240, overnight to park.

CHAIR—That is an expensive drink.

CHAIR—That is an expensive drink.

Mr Nye—It is, but what has happened in public transport in London? I do not know how long it is since you have been there, but the speed of the buses has gone from 11 kilometres an hour to 19 kilometres an hour. That is the quantum leap forward.

CHAIR—I was stuck in one last year.

Mr Nye—So I think parking is the key essence. It is not congestion charging, it is actually restricting the parking.

CHAIR—I am very interested to hear that, because we have asked that question of just about every witness and a lot of them did not want to go there. A few of them hinted there would be some financial levers. In Sydney, I think it was, I could not believe that there was all-day parking for \$47. I said, ‘\$47?’ But witnesses said to me, ‘That is cheap.’ I nearly had a heart attack, and you think that people pay that when you can catch a bus for four or five bucks.

Mr Nye—If you listen to morning radio here, every time they debate whether they are going to charge for car parking in the parliamentary triangle there is an incredible outcry. Yet this city was designed to have a light rail system and it has never had it, and public parking is the biggest cry in town.

Senator BACK—On this very topic, if we can stay with it for a moment, we are talking about inner-city congestion et cetera. Can you tell me why rail is better than trams? We have the example in Melbourne, haven’t we, the only city left in Australia with trams. I know nothing about it and I want to know.

Mr Nye—Trams are light rail.

Senator BACK—If a city like Sydney was contemplating some form of rail system to get congestion out of the city presumably to hubs or nodes where they move on from, are trams a better option than trains?

Mr Nye—Sometimes buses are a better solution. But light rail is in some of the cities around the world. One is Istanbul, a city of 13 million people, and down the Byzantine roads and the cobblestones they have put light rail down the middle and preserved the heritage value of it all. You have got light rail throughout Istanbul now and it is constantly in use.

Senator BACK—Down the middle of roads, like trams in Melbourne.

Mr Nye—Trams. We call it light rail or trams. They are very low to the ground, with disability access, people with prams—changing the whole concept.

CHAIR—All electric?

Mr Nye—All electric. But to the outer suburbs it is a totally different bus concept. A lot of cities have a lot of smaller buses that take out and feed but they all feed into normally a light rail network. Heavy rail suits when you have got longer distances and massive numbers, and we really have not got that mix right in Australia.

Senator LUDLAM—What is the niche for light rail? Is there a rule of thumb that says, ‘That application is good for a bus, that is for light rail, that is for heavy rail’?

Mr Nye—That is for you to do transport planning and transport economics and analyse that. You have to look at that and come up with the right solution. But in long distances heavier rail or

mass movement suits better. Around cities in the urban area, the urban system, light rail does incredibly well.

Senator LUDLAM—Are there issues with topography, with grades?

Mr Nye—No. None of our cities have the same problems they have overcome overseas.

Senator LUDLAM—Nobody has cited Istanbul yet that I am aware of in the course of the inquiry, so that is interesting to hear.

Senator BACK—In my recollection Amsterdam had a very good light rail. I have not been there for years but it was very user-friendly.

CHAIR—I am going to defend the city of Melbourne. I think it is bloody brilliant the way the tram system works there, but no-one else is agreeing with me at the moment.

Senator BACK—We are.

CHAIR—We are, but we do not have it in our own home state.

Mr Nye—It is interesting what they have done there, if I can explore that a little bit further. People talk about schedules. On one line they have taken away the schedule. The tram will not come at 7.03 in the morning. During peak hours is one every 10 minutes, and people know if they wait there will be one in 10 minutes. After hours, a certain time of night, there will be one every half-hour. They have taken away the schedules, so there are no late trams anymore. The other thing they have done on two of the routes is actually given the tram right of way at crossings, so at intersections the tram has right of way and the traffic has to stop. This has created a massive increase in usage.

CHAIR—If I could interrupt, Senator Ludlum, I harp on about Melbourne—I am not from Melbourne; in fact, we have a wonderful Western Australian flavour here today—but you can be shoulder to shoulder with 100,000 people at a grand final at the MCG and within an hour of the end of the match they have dispersed. It is the same as the Telstra Dome or Rod Laver Arena. It is absolutely brilliant. Obviously the forefathers in Victoria had some really good planning brains.

Mr Nye—Melbourne has the largest tram network in the world.

CHAIR—Does it really?

Mr Nye—Yes.

CHAIR—So it should be on a pedestal?

Mr Nye—Yes. We do some things very well in Australia. We have the best heavy haul rail in the world.

CHAIR—I think it is absolutely imperative that we get that message out. Previous witnesses told us that Melbourne is all right but that on a world stage it is nowhere near as good as it should be. I am happy again.

Senator BACK—I was interested, Mr Nye, in your comment regarding America. Having lived there a couple of times, the rail system, particularly for commuters, is a joke. We were living in the city of Lexington in Kentucky and there simply was not a railway system through it at all.

Mr Nye—You are right, but I think the big change there has been that the US congress has put massive investment into passenger transport. That is a big change that was not there before. After the move to urban development, with people not wanting to travel long distances, there are suburbs in some of the cities that were designed around freeways and roads, and people in the outer suburbs are just moving back into the cities. In some outer suburbs two out of every three houses are empty because people have moved back into the cities. Quite a lot of research has gone into that.

CHAIR—Let's get to the pointy end. You rightly said that there is a role for the Commonwealth to play; you briefly touched on it. Would you like to expand on that?

Mr Nye—The Commonwealth is involved in funding of infrastructure, and particularly road infrastructure. What it is not involved in is taking a role in making sure that, through a planning authority, the investment is environmentally friendly and promotes sustainability. There have been a number of Senate inquiries—including the sustainability inquiry and the peak oil enquiry—that have all come up with the same conclusion. The Commonwealth does have a role and that role should be coordinating the planning to ensure that the money you are investing in the states actually satisfies a number of criteria and suits urban planning and better city programs. That has not happened.

Senator BACK—My question is more along the line of how you fund new light rail infrastructure in cities where congestion is the problem. I pick up your point with regard to long-distance haulage. I know that in Western Australia—although it is completely unrelated to public transport—we have a real issue associated with freight transport and getting our grain to our ports. I do not want to deal with that here.

Mr Nye—That is another subject we could spend many hours on.

Senator BACK—It is another subject, so I am asking: what are the options and what are the relative costs and benefits of putting in new infrastructure? Who pays for it? If this committee were to come up with some recommendations along those lines, what guidance would you offer us in relation to the direction we should be travelling?

Mr Nye—It depends how brave you are. The New Zealand—

Senator BACK—Oh, we are courageous!

CHAIR—In opposition I was Superman!

Mr Nye—The New Zealand government has just decided to increase petrol excise by 6c a litre to fund public transport. It will happen over two tranches of 3c each. That is one method—and there is no outcry, having followed the media reports. We think we have bad cities; Auckland is a really hopeless city. But there is no outcry. There is no public decrying of this increase in excise to fund it.

CHAIR—Are they on the same pricing system as us through Singapore?

Mr Nye—They are on the exact same pricing system as us. They actually charge more excise now than we do here. It is interesting. In the Netherlands they have gone to mass distance charging for the whole car fleet and the transport fleet for the total country. They have gotten around the politics of it all and said, ‘We took an excise. This is how much we’re going to take in mass distance charging and any increase over that period of time will go towards public transport.’ The public is probably ready to accept some form of hypothecation to go towards public transport, even regionally. Regional rail for public transport, apart from Victoria, is another incredible issue that we will need to be addressed.

Senator LUDLAM—Do you have a view on the concessionary fringe benefits taxation on cars, particularly fleet vehicles?

Mr Nye—Our position is that we would like to see it go but knowing the government’s policy on supporting the car industry, we do not think that is going to occur. We think you should get much the same type of concession as an employer if you encourage people or provide them some provision to catch public transport. We will provide on notice what they do in Canada.

Senator LUDLAM—There seemed to be two schools of thought: one is that we should just knock it out and the other is that we should bring public transport up to par.

Mr Nye—Yes. We think that bringing public transport up to par is far more politically acceptable.

Senator LUDLAM—We have heard a lot about the jurisdictional overlap and occasional contradictions between local, state and Commonwealth. Now the Commonwealth is getting involved again. What would you see as the ideal administrative or structural arrangement whereby the Commonwealth could play the most productive role?

Mr Nye—We do have the department of infrastructure, and all the other things that go with it.

CHAIR—They are right behind you!

Mr Nye—Yes, I know, I saw them. I just get it wrong when I try to say a whole name. I think it should be a statutory authority, funded and given some authority to do something about it. Otherwise, it will be subject to a lot of political interference. The statutory authority should not be trying to control what the states want but making sure that some guidelines are established, so that it suits the environmental agenda. It needs to suit the environmental agenda at federal government level, to be sustainable and do something to reduce the congestion, and it should be long term. At the moment we get short-term fixes over a three-year period and we want a long-term agenda. All those things should be in a public transport authority.

Senator LUDLAM—I apologise for coming in late. In your opening statement, did you touch on a very fast rail link up and down the east coast?

Mr Nye—No.

Senator LUDLAM—I am coming to this debate a little late, but it sounds as though this is something which has been viewed, reviewed, revisited and chewed over for a long period of time. Where are we in 2009?

Mr Nye—There have been two serious proposals for a very fast train before—in the early nineties and in the mid-nineties. It just did not stack up then for economic reasons and we were trying to be a technology leader, doing things the rest of the world has not done. Today the circumstances are very different. The technology is all throughout Asia and we would be adopting tried technology. Concerning air travel, the fourth busiest air corridor in the world is Sydney to Melbourne and 15 per cent of slot times into Sydney airport come out of Sydney-Canberra. The demographics have changed. We have a research project looking at the economics of revising it. We are not advocating it suddenly but we think in time we will need a very fast train. We have not pushed it through Infrastructure Australia because we think there are bigger issues to sort out. One is the dedicated freight corridor through Sydney. If we do not sort that out, we are going to have an absolutely parlous freight corridor through there. As well, a greater priority is sorting out some of the metropolitan rail systems. In time, within a couple of years after we have bedded down some of these major projects, we will be pushing again for a very fast train. It will take 20 years from the planning, identifying the corridor and doing the economic studies to completion.

Senator LUDLAM—Even on conservative estimates that will take us into peak oil when it will really be in demand and will be a lot harder to build, and more expensive. I am concerned that we are hedging and leaving it too late.

Mr Nye—The political reality for us is that, if we push now for a very fast train, it becomes a glamour project that everybody wants—and we have some big issues to sort out. One of those is our freight corridor. Only seven per cent of freight from Sydney to Melbourne goes by rail. We have to sort that out.

CHAIR—Seven? Is that all?

Mr Nye—Yes, the rest goes by truck. So we are trying to sort out those issues first, and trying to sort out some of the metropolitan rail issues and public transport issues. Those are greater issues for us than—

Senator BACK—Through you, Chair, could I ask what those issues are? Is the existing rail network there, and it is just that it is not coordinated? We are not still offloading at Albury, from one gauge to another, are we?

Mr Nye—No, we have the line through. But there has been a lack of funding. Governments of both sides have been pouring money into the national network, particularly from Sydney through to Brisbane. It is getting the dedicated freight corridor through Sydney that is probably the

greatest pressing issue for us. The reason people do not put freight on rail is the reliability issue, not the cost. We just cannot get into the cities on time.

CHAIR—Can I add to that very briefly, Senator Ludlam, if you don't mind. Would it be fair, Mr Nye, to say that the consumer, when they purchase whatever in Melbourne, they want it in Sydney today—they want it there yesterday or the day before. This is where road transport, unfortunately—I won't say 'unfortunately'; I am being very balanced here, because there is a role to play for both. It may be because of a lack of infrastructure. Bulk freight movements on rail are actually brilliant; the carbon footprint is a lot smaller. I am with you all the way. So when you talk about infrastructure and trying to get that line quickly, the train might carry 400 or 500 boxes, but it still all has to get to the rail yard and get loaded on, and the demands of the client are pretty harsh, aren't they?

Mr Nye—Let's talk about going across to your home state. We rush the trains, we load them up on a Friday afternoon out of Melbourne—

CHAIR—And you do a brilliant job; we need another railway line!

Mr Nye—We race them across the Nullarbor to try to get them there by two o'clock in the morning, ready to have them unloaded by six. That gives us a window. Only 16 per cent of that freight that has arrived overnight gets taken off in the first 24 hours. So this myth about it all having to be there overnight is not quite correct. Woolworths would put everything on rail, they have made quite clear, if we sorted out the reliability problem. And the reliability issue goes to getting to the time within a percentage. They want us to get up to 90 per cent, and we have not achieved that on the east coast. That is what the investment is about. Both the previous government and this government have put in a massive amount of investment. We have a 50-year backlog to catch up on.

CHAIR—Sure. Sorry, Senator Ludlam.

Senator LUDLAM—That is fine. We have had a bit of a discussion with the bus industry about local manufacturing capacity. They were not really willing to speak too much on the rail side of things. What is the state around the country of railcar assembly or manufacturing? Is it possible for us to get into light rail? It bugs me that we were able to build trams in 1901 but we do not seem to be able to do it in the 21st century.

Mr Nye—The majority of railway stock in Australia is built in Australia. We are about two-thirds the size of the car industry, in terms of the actual size of the industry.

Senator LUDLAM—You should talk about that more.

Mr Nye—It is something that we are working on now. The rail industry has not worked as a manufacturing industry in itself; we are pulling that together right now.

Senator LUDLAM—When you say 'size' is that in terms of revenues or employment?

Mr Nye—In terms of the number of people employed and the amount of output. It is a very big industry.

Senator LUDLAM—Forgive me if I missed this, but was the jobs estimates covered in your submission?

Mr Nye—No. We have that underway now. We are trying to work out what the extent and the size of the industry is.

Senator LUDLAM—That would be interesting, even if you can get some early estimates to us.

CHAIR—I might be overstepping the mark here, because we really do have a lot of work on, but maybe we need a site visit. Maybe we need to see what the Australian railway industry is doing in terms of manufacturing.

Mr Nye—In any city on the east you could see a manufacturing process. In Melbourne you have trams being built. There are probably some in Sydney. Newcastle and Sydney have the brand new, top-of-the-world range of new railcars. There is a \$6 billion project underway.

Senator BACK—Wheels?

Mr Nye—Yes, built in Australia.

Mr Nye—What we import are the components. There are only two diesel locomotive engine builders in the world—well, there is one in China, but nobody has brought them in from China yet. One is General Electric and one is EMD. One is built by United in Australia and the other is built by Downer EDi. To pick up on that, the average age of our rolling stock fleet is 34 years. That will need replacement.

Senator LUDLAM—How different is a light rail unit to manufacture or assemble than heavy rail—or buses, for that matter?

Mr Nye—They are much the same, really. The new way to manufacture is that assembly is normally in Australia. Some of the components come from overseas, because we do not have the expertise. All the stainless steel that goes on the side comes from Korea. We do not make that in Australia any more. We tend to be putting the final assembly together and using local manufacturers to do the fabrication and fitting. The steel wheels are all built in Australia. It is a combination. We think that a figure of 40 per cent Australian content is quite an achievement for the Australian industry.

Senator LUDLAM—That is great. One thing that I have found really difficult to establish is the relative fuel bills and greenhouse gas emissions of light rail, heavy rail and bus transport compared to the private car. For example, I would love to know the electricity bill of the Melbourne tram network—which you said is the largest in the world—and how that breaks down over passenger kilometres per year. Do those numbers exist?

Mr Nye—We have those numbers. I am not going to quote them now, because I will get them wrong.

CHAIR—We will hold you to them.

Mr Nye—Yes, I know: that is what I am worried about. But we will provide those. We have done all that research. We can tell you how much it costs and the savings that you get by using rail for public transport and even buses.

Senator LUDLAM—I would really appreciate that, because I have found that some of that is buried in commercial in confidence. I am not interested in naming companies or anything, but an order of magnitude figure would be good. The most recent figures that I could get were from the early 1990s.

Mr Nye—We have just done a major research project through the Rail Research Centre on exactly those issues. We think that it is time to push that out, particularly on the—

Senator LUDLAM—That has cheered me right up. What are the benefits of electrifying public transport as opposed to staying with liquid fuels? We have not heard a lot about that. Do you have a view on that, coming into climate change and peak oil? Do we run the risk of taking our transport sector and running it on coal, as I suppose we do in Victoria and New South Wales?

Mr Nye—It is a difficult subject, as you probably know. It depends on where your electricity comes from. Obviously, electric rail is far cleaner than any other form of rail. But if you then ask where that electricity comes from, if it has come from a brown coal powered electricity generator—

Mr Sochon—There might be no net gain.

Senator LUDLAM—That is the question: is there a net gain? WA uses no brown coal, so we are a little bit ahead.

Mr Nye—One of the tram lines in Victoria prides itself on the fact that all the electricity that runs that one line is green. We are pushing that whole agenda. We can say that certain lines are green lines.

Senator LUDLAM—So we could do a fairly easy calculation of how many wind turbines you would need to put up to power a light rail network.

Mr Nye—Yes.

Senator LUDLAM—Do you have much information on the light rail proposals that are on the table for Canberra? Have you spent much time evaluating those?

Mr Nye—No, I have not. But it makes sense. When you look at the Burley Griffin plan, it was built to have light rail down the middle of all the green corridors. Travelling in from Queanbeyan every morning, I have been watching the congestion get greater every day.

CHAIR—It is, isn't it?

Mr Nye—It is.

CHAIR—When I first came here, Canberra’s rush hour went for four minutes. It is a bit longer now.

Senator LUDLAM—It seems to me that that would be the first link that you do in Canberra. Potentially, you could hook up Woden and Belconnen and—

Mr Nye—Queanbeyan to the city would be good, because that is the growing dormitory suburb for Canberra.

Senator LUDLAM—Okay. I have no other questions.

CHAIR—In that case, thank you, Mr Nye and Mr Sochon, for your assistance to the committee today. Always good to see you.

Proceedings suspended from 12.04 pm to 12.15 pm

McNALLY, Ms Carolyn, Executive Director, Nation Building and Infrastructure Investment, Department of Infrastructure, Transport, Regional Development and Local Government

STEWART, Mr Rob, General Manager, Infrastructure and Transport Research Branch, BITRE, Department of Infrastructure, Transport, Regional Development and Local Government

CHAIR—I welcome officers from the Department of Infrastructure, Transport, Regional Development and Local Government. I must advise you that it is not the intention of the committee to publish or present to parliament all or part of the evidence you are about to give. However, you need to know that it is within the power of the committee to do so and that parliament has the authority to order the production and publication of undisclosed evidence.

I remind senators that the Senate has resolved that an officer of the department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions of matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. Officers of the department are also reminded that any claim that it would be contrary to the public interest to answer a question must be made by a minister and should be accompanied by a statement setting out the basis for the claim.

Before I invite you to make a brief opening statement, I want to say that it is nice to have you in front of the committee. Unfortunately, we always bump into each other at estimates when the worst elements of the Senate are out for political point-scoring. But that is not the case with this committee. Do you wish to make a brief opening statement?

Ms McNally—No. Our secretary provided a written submission which identified a number of information sources. We are here to answer any questions relating to that submission or anything else we can answer.

Senator LUDLAM—Thanks a lot for coming this afternoon. To start with, do you see that the department has any role in passenger transport, particularly public passenger transport? Is it something that you give a great deal of thought to at the moment or is that a bit outside your net?

Ms McNally—We do a number through the bureau. A number of research activities are undertaken at various points in time, including analysis of public transport matters. Certainly, groups such as the Australian Transport Council from time to time look at issues around public transport for a range of different matters. There are also a range of projects that will be implemented, which may include such components. It will be fairly varied.

Senator LUDLAM—Can you give us a bit of detail, as much as you are able, as to what that entails.

Ms McNally—I will hand over to my colleague Rob to tell you what we have been doing in the research area.

Mr Stewart—At the moment, our research program is updated about once a year and is on the BITRE website. There are about 50 research activities that cut across a broad suite of economic, transport infrastructure and regional development issues. There are two activities right at the moment. Of direct relevance to public transport at the moment we have an information sheet, ‘Urban public transport: recent trends’, which is near completion; it should be completed shortly. Another project has been commissioned by the other branch in BITRE—that is, the regional branch. It is called ‘Capital city residential and employment location trends and commuting patterns’. There would be some information in that about commuting patterns.

As my colleague mentioned earlier, in our response, on the back of the letter from Mike Taylor, there were a few BITRE research publications mentioned that have been completed in recent times. I actually have a hard copy of some of those, which I am quite happy to table and give to the committee. Some of these research papers are a few years old. This one is from 2003: ‘Regional public transport in Australia: long-distance services, trends and projections’. More recently there have been a couple of working papers estimating urban traffic and congestion costs, air passenger movements in regional Australia and so on. I am quite happy to leave those here.

I will just add that our research tends not to focus too specifically on public transport. It focuses on passenger transport, and of course there is a lot of information and data in there broken up into information on various mode types—so there is certainly information there that will be of use in terms of public transport share. The only other thing I would mention is that the bureau publishes an Australian transport facts year book. There is a lot of information in that book. The 2009 version is expected to be released shortly, within the next couple of months.

Senator LUDLAM—You have noted that the AusLink white paper says that public transport is a state and territory responsibility; it is not something that the Commonwealth has traditionally had a lot to do with, apart from a few examples. Constitutionally all land transport infrastructure is a state and territory responsibility. What has been the thinking as to why the Commonwealth has chosen the funding split for road as opposed to rail, which is around 40 or 50 to one? Why is that the case?

Ms McNally—I am not very clear on those figures. I think this government has made a number of announcements and it has a strong emphasis on doing things around cities—issues around congestion, issues around trying to improve economic outcomes and improve productivity. It sees the cities, where the majority of people live, move and work, as central to that, and has certainly placed an emphasis on dealing with matters related to cities, of which public passenger transport would be included. It has set up, as you know, the major cities unit. It has also identified a number of urban congestion studies that are currently in progress. It is certainly something that Infrastructure Australia has been looking at. So I think this government in particular has emphasised its interest in addressing issues related to moving people through cities to address bottlenecks and congestion.

Senator LUDLAM—I did overstate the case a little in the funding I referred to. From 1974 to 2004 the Commonwealth spent \$58 billion on roads and \$1.8 billion on urban public transport. That is from the Australasian Railway Association. With that funding comes expertise, institutional capacity and so on. Is it fair to say that the Commonwealth knows a lot more about roads than it does about urban public transport just because of that history?

Ms McNally—I could not really make that judgment. I could not make a judgment on what expertise there is across the Commonwealth. There is expertise in our department, in Treasury, in the department of industry. A whole range of departments would contribute to that body of knowledge, so it is hard for me to speculate on that. I have been involved only for the last 12 months in the transport sector, and certainly I have seen a strong emphasis in that period on trying to get a good understanding of these issues. We are certainly involved in regular discussions with the states around the work that they are doing. We are involved in, for example, the tackling urban congestion measures steering groups and governance arrangements, so we are certainly learning as much as they are learning about the sorts of things that they are doing.

Senator LUDLAM—A lot of what we hear when state transport planning departments talk about reducing congestion is ‘more roads’. Presumably you are aware of the ‘induced traffic’ phenomenon, which says that if you provide wider and better roads you just create traffic that was not there before. Is that a view that is fairly widespread and well understood within the department or is it still a bit contentious?

Ms McNally—It is not something I have had a discussion about. I do not see it as something that has come up as a particular issue that we have discussed at length. We discuss a wide range of issues related to addressing issues around transport, and certainly there are different views from different groups.

Senator LUDLAM—But that is not something that you have given any thought to—the sense that creating more roads does not ease congestion; it creates more congestion?

Ms McNally—I think there are policies that really go to the issues of what the government wants to address and how it wants to address them and I do not think that there is any stock standard answer to that particular phrase or comment or issue. Government takes into account, as you know, a range of matters in moving people—issues around safety, freight, the state of the roads, population growth, differences in where service sectors are going to be located. It looks at the blend of types of rail and road, and certainly the states play a significant role in determining what the planning arrangements are for their particular cities.

Senator LUDLAM—One of the currents that has come through pretty strongly in the evidence we have taken so far is that, if the Commonwealth is going to get involved in funding public transport, there need to be conditions and some kinds of filters and criteria attached to that. Does the expertise currently exist within the Commonwealth to apply those sorts of filters and criteria, or do we need some sort of new framework for that to take place?

Ms McNally—I think the expertise exists. We are familiar with putting in place new programs and new initiatives. We certainly work broadly with industry. We work with the states and territories. We certainly do not sit there alone. We draw on a range of sources of information. We are regularly exposed to commentators, think tanks, pieces of analysis and studies that are going on. We undertake significant research when we put new initiatives or we are expecting to put new initiatives in place. We have significant expertise in applying conditions to programs to achieve particular outcomes. So I think the expertise would be there.

Senator BACK—Can I develop that a little bit further, because I think it is of great interest. You make the comment that in 2008-09 investment from the Commonwealth in Australia’s road

and rail network is \$3.2 billion. Could you give me any idea what percentage that would be of total expenditure, also taking into account presumably what the states and even, but not so much, local governments spend? Would that \$3.2 billion represent 10, 15, 20 or 30 per cent?

Ms McNally—I will have to take that on notice. I probably do not have that type of information with me.

Senator BACK—Sure. I am just trying to get a handle on this.

Ms McNally—The states and territories spend a lot of money that is not subject to arrangements that involve the Commonwealth. If you are talking about passenger transport, there are ferries and buses. So there is the infrastructure and then the rolling stock or whatever that sits on top of that—signalling systems, traffic light arrangements. It would be very hard to quantify that amount of money.

Senator BACK—I guess the question really comes to the extent that that figure is significant or insignificant. If the overall expenditure is \$100 billion a year, then \$3 billion is negligible, but if it is a third or a quarter or whatever it is significant. The obvious point I am leading to, of course, is: to what extent do the states actually chase this expenditure? That would then lead me to a number of questions along the lines of: how are the funds allocated and to whom, and how is the expenditure audited? As I am very new to the Senate, I do not know about and have never been in Senate estimates—I am looking forward to them at some time, I suppose—but where are these audit results published, if indeed they are? And then, finally, does the success or otherwise of this expenditure by the states lead to either encouragement for or perhaps failure of subsequent investment? I am just trying to get a handle, in my ignorance, on the extent to which states look to the Commonwealth for some degree of support for public transport infrastructure.

Ms McNally—I am certainly not an expert on that matter. I think that there is a lot of interest by the states in getting Commonwealth support. There is a significant cost to maintain the roads and rail system, let alone to put all the rolling stock on top of that and so on. The amount of money the government is investing now in that infrastructure has significantly increased. The previous program, AusLink 1, was around \$13 billion; this government's expenditure is around \$22.6 billion. So there has been a significant increase. In our discussions over the last 12 months with the states in negotiating the memorandum of understanding on future funding arrangements for the next five years there was certainly very strong interest in getting that process moving quickly. That was an indication that funding is an important part of maintaining the infrastructure and investing in future infrastructure—particular connections between major cities and so on.

Basically the funding is provided through a range of mechanisms. Some of that \$22-odd billion that I mentioned is provided through investment in the national network, which is a declared network which operates through the AusLink act. So the act gives a power to government to declare roads on the network, which then enables maintenance and other things to be paid for. There are other programs, such as the Black Spot Program and the Roads to Recovery program. There are a whole range of initiatives. There are also the tackling urban congestion measures, the funding we provide to ARTC for rail initiatives and the boom gates program which has recently been announced. Money is often targeted to particular needs.

Senator BACK—And actually expended by the Commonwealth—not through states but directly by the Commonwealth?

Ms McNally—No, it is through states or through councils. It either goes to the state and territory governments or to local councils.

Senator BACK—And there is some audit trail to make sure it gets spent appropriately?

Ms McNally—Yes. There are quite tight requirements in the programs. Basically, funds are paid with a variety of mechanisms. For example, we have the memorandum of understanding with states and territories and the funding is paid under that. They have to report monthly and payments are paid out against those monthly reports, so we have to demonstrate that they actually need the funds. The funding to councils and those sorts of bodies is done through a contractual agreement, which are specific conditions that they have to comply with. Again, they have to demonstrate a requirement for the funds. At the end of the period—this is also specified in the act—we require them to put in an audited financial statement to ensure the funds were spent for the purposes for which they were given. The Australian National Audit Office also undertakes regular audits of our programs. A number of those are going on at the moment. There is a national network audit, an audit of the strategic regional program, and the results of those are published. We are also undertaking an evaluation at the moment of AusLink1.

Senator BACK—When did AusLink1 complete its life?

Ms McNally—It is just completing its life now.

Senator BACK—Thank you for that; I found that most interesting. Senator Ludlam may have asked, but I do not think you are able to help us with what the break-up would be between road and non-road.

Ms McNally—No.

Senator BACK—It would be interesting.

Ms McNally—I think that is because there are so many factors, particularly if you are looking at passenger transport. Do you look at air transport? There is rail, there are buses, there are ferries and then there is the infrastructure that supports that. Where do you draw the line in determining what goes to making up the cost?

Senator LUDLAM—Your submission states:

There has been no explicit Commonwealth funding of urban public transport since the termination of the Urban Public Transport program which ran for three years 1990-91 to 1992-93 with expenditure of \$221.6 million.

Is that the same thing people are calling the Better Cities Program?

Ms McNally—The Better Cities Program was a separate program.

Senator LUDLAM—So there was an urban public transport program, which expended those funds over a relatively short period of time. Can you tell us about the program—what it was and what its successes were?

Ms McNally—I would have to provide you with the information.

Senator LUDLAM—Okay. The other thing, which I am really more interested in, is: why was it terminated and what happened to it?

Ms McNally—I would say that that would have been a government decision of the day.

Senator LUDLAM—Would you be able to provide us with the rationale for that?

Ms McNally—Not really. The government makes decisions all the time and the bases for those decisions have multiple factors. It would have been a policy decision.

CHAIR—When was it?

Ms McNally—The early nineties. That is quite a long time ago—17 years ago. I do not even know where I would start to look but I imagine there would be information we could dig up if we had to.

Senator LUDLAM—Even a press release from the minister saying that it has been cancelled and stating the reasons.

Ms McNally—We archive our records after seven years. It would be a significant undertaking for us to find that sort of information. I am unable to comment on why the government of the day decided to cut that program.

Senator LUDLAM—Similarly, we have heard a lot of good things about the Better Cities Program over the last month or so that we have been taking evidence, but I suspect we will have to chase that ourselves. Is there any thinking inside the department to open up AusLink funding to public transport or will it stay explicitly for roads?

Ms McNally—That is really a matter for the government. I cannot comment on that.

Senator LUDLAM—Okay, so it is not something that you are currently engaged in—re-jigging that program?

Ms McNally—I cannot comment on that either. We provide policy advice on a range of matters. We cannot comment on the sort of things that the government plans to do in the future on its particular program.

Senator LUDLAM—No, I respect that. Have you provided advice to the government that that should be undertaken—that public transport should come under the wing of the AusLink program?

Ms McNally—I cannot comment on that either. We are providing a range of advice in a range of ways. We do not answer specific questions; we basically provide analysis, data and a lot of the work that BITRE does. They are not often specific questions framed like that—

CHAIR—This is going to matters of opinion too, I think, Senator Ludlam, in all fairness.

Senator LUDLAM—The submission states that AusLink provides indirect benefits to public transport. Is that just because we are building roads that buses run on? I just wonder whether you mean that when we build freeways buses can travel on them too.

Ms McNally—Certainly roads provide a number of benefits. Are we undertaking an evaluation at the moment if we look at the range of sort of benefits that come from that sort of investment? Certainly some of the work which BITRE has done looks at the benefits of transport investment. I could not really comment specifically.

Senator LUDLAM—I think in 2006 or 2007, it was a bit before my time, this committee conducted an inquiry into oil vulnerability. I forget what the exact title of that was.

CHAIR—It was the Inquiry into Australia's Future Oil Supplies.

Senator LUDLAM—That canvassed some quite similar issues to what we are dealing with at the moment. What is the state of the thinking or planning within the department on peak oil and the potential for future oil shocks?

Ms McNally—I cannot comment on that either because I am not in that part of the department. Sorry about that.

Mr Stewart—I can mention one thing there. The Bureau of Infrastructure, Transport and Regional Economics does have a research project looking into oil supply on a global basis. That again is a work in progress, but there is a research project in that area.

Senator LUDLAM—Have you got a publication date for that?

Mr Stewart—No.

Senator LUDLAM—Is that just an ongoing research piece?

Mr Stewart—I have actually been in the Bureau of Infrastructure, Transport and Regional Economics for just over 12 months myself and it was ongoing when I arrived. I am not sure exactly when its inception was but it has a bit of work to go yet.

Senator LUDLAM—Okay, look if it is super secret squirrel then I will not ask you to tell us too much but if you could maybe bring back for the committee some indication of whether it is intended that the findings be made public or whether it is being conducted for some reason in confidence then that would be useful.

Ms McNally—Basically the publications are proposed pieces of research of a public type and we basically tell people what we are doing. Then it is a matter for the minister to decide.

Mr Stewart—It is actually listed on the research program we have on the web. There is nothing secret. It is research under item 22 on transport energy futures—new technologies and fuels. That is what I am referring to. So the activity itself is on the public webpage.

Ms McNally—So BITRE has published it. It is a matter for the minister as to when the release occurs. Often that relates to whether the minister is satisfied that the information is sufficient to answer the sort of questions raised in the terms of reference of the study and that sort of thing.

Senator LUDLAM—That is really valuable research. It is obviously in the public interest that that be out there as soon as possible. I will leave it there. Thanks for coming in.

CHAIR—Thank you. Senator Back, do you have any other questions for the officers.

Senator BACK—No, only a comment from the evidence of the last people who were here. They were telling us that there has been this development in south-west Sydney—

CHAIR—South metro—

Senator BACK—the south metro planning which went on and transport was not even considered.

CHAIR—That was a state government report.

Senator BACK—I know it was but it was most interesting to me that any entity could actually look at the complete development of a whole geographic area and not consider transport. Is it a fact that transport slips off the agenda or is it not regarded as being of sufficient importance?

Ms McNally—I think that is a difficult issue. I know in the report that Infrastructure Australia put out they have been critical of the planning that has occurred around those sorts of things. It is certainly something that the government is looking at. It will be interesting to see what comes out of the next report. In the report that they put out in December they have certainly raised that as an issue.

Senator BACK—So there must be a level of awareness—and I am not the only one who is surprised or disappointed.

CHAIR—You are certainly not. On that point then, I thank the officers for their time in appearing today and your assistance to the committee.

Committee adjourned at 12.40 pm