



TRANSPORT
REFORM
NETWORK

SUBMISSION TO SENATE INQUIRY ON THE ROLE OF PUBLIC TRANSPORT IN DELIVERING PRODUCTIVITY OUTCOMES

January 2014

About the Transport Reform Network

The Transport Reform Network (TRN) is a partnership of organisations and individuals that first came together in 2011 to discuss the state of transport funding and financing in Australia.

The TRN's mission is to seek a better way of planning, managing, funding and financing land transport in Australia to ensure it delivers optimum and sustainable economic, social and environmental outcomes for all Australians.

The current state of play is characterised by:

- the **inability of government to fund essential new land transport** infrastructure, coupled with the scarcity of private financing options
- the **unfunded backlog of critical maintenance** and renewal work in our existing transport infrastructure networks
- **a lack of long-term planning**, which in turn impacts on funding and delivery of transport infrastructure
- confusing and **inequitable pricing signals** across different networks and modes
- divided and, at times, **illogical levels of responsibility and decision-making** across government
- a continuing **disconnect between land-use planning and transport infrastructure delivery**
- the **growing cost and impact of urban congestion** (in terms of productivity, health, lifestyle)
- **poor environmental outcomes**,
- the impact of under-investment in infrastructure on **transport safety outcomes** and
- an **inability to meet the growing freight task** across Australia.

The TRN believes these problems will not be resolved by fiddling about the edges. Rather, the existing financing and funding model needs to be dissected, each element examined and tested under the microscope, and from this starting point a new model built that better serves the national interest as we move through the 21st century.

Get onboard.

TRN is an industry policy group managed under the auspices of Roads Australia – ACN 004 302 836 ABN 34 834 376 172
TRN Secretariat: Level 2, 437 St Kilda Road Melbourne VIC 3004
Telephone: (03) 9821 5255 Fax: (03) 9866 4577 Email: info@transportreform.org Web: www.transportreform.org



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In broad terms, the TRN's objectives are to:

- provide a platform for an informed public debate on transport financing and funding,
- seek a comprehensive review of transport funding and pricing arrangements in Australia
- work with all stakeholders to achieve the goal of a transparent, fair, efficient, integrated network for all modes: public transport, private vehicles, freight, cycling and pedestrian.

A list of TRN members is attached to this submission, along with the TRN Issues Paper, *Running on Empty*.

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Introduction

The TRN welcomes this Senate Committee Inquiry as a significant opportunity to address the important role of public transport within the broader transport context.

TRN members believe that an efficient, well-planned and maintained public transport system is an essential component of Australia's transport mix.

We approach this issue from the standpoint that public and private transport modes and infrastructures are not mutually exclusive.

Indeed, the efficiency of public transport services is heavily dependent on well maintained and efficient road infrastructure, and vice versa. Melbourne, where tram and bus services are an integral part of the city's public transport solution, is a prime example.

The best outcomes - for both public and private transport users, and the nation as a whole - are achieved by adopting an integrated approach to planning, funding, delivery and operation across all the infrastructure types and transport modes.

TRN members believe the question isn't one of 'rail vs road' or 'cars vs buses', but rather how can we finance, fund and deliver solutions that benefit all users.

To that end, the TRN has made its mission to seek a comprehensive review into how we finance, fund and deliver our essential transport infrastructure. The current Productivity Commission Inquiry into Public Infrastructure is a welcome and positive step in this process, as is this Senate Committee Inquiry.

We hope these Inquiries will be a genuine catalyst for change. We believe governments and the community have to consider a much broader sweep of financing and funding options – including user-charging – and together work towards the implementation of those that are found to be most appropriate.

We are under no illusions as to the difficulty of this task, particularly in convincing everyday transport users that the time has come to re-think how (and how much) they pay for their transport choices. However, the members of the TRN believe the community will be willing to listen if it can see the broader benefits.

Refocussing the debate

In recent years, the political debate on transport has devolved into a debate about road versus rail – at least in the public's mind.

The real crux of the debate, however, is about how we allocate a scarce public funding resource across a multitude of nationally significant transport infrastructure projects.

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Governments simply cannot afford to fund all the transport projects currently on the table.

Until the community accepts the need for greater private investment in transport – and with it the reality of ‘user-pays’ – the ‘road vs rail’ (or public vs private transport) debate will continue to go round in circles.

We need to re-focus the debate on financing and funding, based on a better understanding of what the real cost is to users of public and private modes and infrastructures.

Are we paying our way?

The price we ‘pay’ to access transport infrastructure and services has evolved haphazardly over a long period of time.

To a large degree it’s a legacy of the complicated layering of government responsibilities. Revenues, expenditures and pricing are the shared responsibility of a variety of agencies at national, state and local government levels.

The end result is that there is little consistency and transparency in transport pricing in Australia today.

This, in turn, has created a competitive tension between different modes – an ‘us and them’ mentality - about how much each should fairly pay. There is a strong sense among all players that change can only be made at the expense or advantage of one mode over the other.

This works against any change at all, and fails to recognise that we can all be winners from a more holistic approach to transport pricing.

For example, pricing signals that encourage greater use of public transport ultimately benefit all of us because they stimulate the system as a whole to operate more efficiently. Individual motorists benefit from less congested roads and public transport services improve from a flow of people and investment.

The challenge, therefore, isn’t just about the physical integration of public and private transport modes and infrastructure; it’s demonstrating to the community the system-wide benefits of an integrated, transparent and mutually supportive approach to pricing.

Unlocking funding

The TRN encourages governments to explore alternative financing and funding options for transport infrastructure and services, particularly those that harness the resources and experience of the private sector.

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The TRN believes there remains a strong appetite for private investment in transport infrastructure, and not limited to brownfield sites.

To that end, we welcome the Commonwealth Government's recent decision to create a dedicated Funding and Finance Advisory Unit within Infrastructure Australia, tasked with evaluating finance options for nationally-significant infrastructure projects and investigating and reporting on funding models.

Tapping into the trillions invested in Australian and international pension funds should be a priority.

The TRN also welcomes the exploration of other financing and funding options, including government asset recycling (particularly to fund transport projects that cannot be fully financed by the private sector) and government-subsidised infrastructure loans.

The much-maligned PPP model still has a role to play in infrastructure development in Australia.

In recent times the PPP model has been perceived as a failure because of toll road projects that have not met traffic projections. This is essentially a failure of traffic flow modelling rather than the PPP model itself.

The PPP model is essentially sound, and has proven time and again to deliver greater certainty of cost and time outcomes compared to traditional procurement methods – largely as a consequence of the additional rigour which private sector finance brings to the management of a project.

Roads as a utility

The TRN believes our fundamental thinking about roads and the broader road network needs to change. Roads are a utility – not unlike water and electricity – and we should charge accordingly.

The acceptance of this by the community will not only create opportunities to unlock greater private investment in transport projects, it will ensure all of us pay a fair price for our use of the system.

In relation to roads, a number of different usage charging models exist. These include network-based time-of-day and/or distance-based charging, cordon charges, and privately-operated toll roads. The technology exists to support each of these models.

The advantage of all these approaches is that they create an opportunity to influence how we use the network, including the time of day we travel and our choice of mode (private vehicle or public transport).

The TRN does not advocate any model over another. Rather, we believe all options should be on the table for discussion and examination.

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The role of road pricing – funding an integrated transport system

A new approach to road access pricing also creates the opportunity to establish a sustainable revenue source for the funding of transport infrastructure and services, including public transport.

Currently our road and rail infrastructure is underfunded. We are not spending enough on maintenance and renewal of existing infrastructure, nor are we investing adequately in new infrastructure to fill the missing links.

As outlined above, the TRN believes we need to adopt a more holistic attitude to transport pricing. For example, if paying a slightly higher access charge to use the road network meant increased funding for public transport and new infrastructure, hence less congestion on the network – wouldn't all transport users be better off?

A positive outcome from this Inquiry

The TRN believes this Inquiry provides a unique and timely opportunity to canvass options for how we finance and pay for our transport system as a whole, rather than in pieces.

We hope the information and understanding garnered at this Inquiry will be applied to a national solution that delivers improved outcomes for both public and private transport users; that this Committee will encourage the Commonwealth to engage with the states and local government, as well as industry and the community, on a reform process and timetable to implement a new way forward on funding and financing.

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Bouygues Construction Australia Boral
BrisConnections
Bus Industry Confederation
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Victorian Transport Association
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