

**Submission to the Senate Rural and Regional Affairs and Transport
Legislation Committee inquiry into the
Infrastructure Australia Amendment Bill 2013**

Philip Laird, University of Wollongong , January 2014

This submission is based on research conducted at the University of Wollongong. However, the views and research findings are the responsibility of the writer.

1. In 1992, the Keating government formed a National Transport Planning Task Force. Its main report 'Building for the job: A strategy for Australia's Transport Network' was released in 1994. The Taskforce, with Chairman Mr. Ian Webber (Mayne Nickless), members Mr. Lance Hockridge (BHP Transport) and Dr. Derek Scrafton (SA Dept of Transport), plus staff and consultants, incurred a cost of about \$1 million.

Amongst the many findings of the main report released in December 1994 was a conclusion that *"Significant changes are needed in the way Australia makes and implements transport decisions."*

The task force came forward with 16 pragmatic recommendations in a bid to try and improve the process of selecting projects, and the funding thereof. One such was *"That road, rail, port and airport infrastructure investments and their funding arrangements should be considered within a framework that allows intermodal, network and corridor considerations to be evaluated transparently."* The rationale is that *"...more flexible funding mechanisms should be negotiated so funds can be channelled into corridors and modes of highest priority."*

2. The commitment of the Howard Government to the AusLink programme was a step forward in improving the process to select

infrastructure projects. As seen by Deputy Prime Minister Anderson on 21 May 2002 when releasing the Federal Government's Green Paper on 'AusLink' *"We cannot go on this way. We have to make changes now."*

On 7 June 2004, the Federal Government's White Paper on 'AusLink' was released. Enabling legislation was introduced to Parliament in December 2004, with Mr Anderson noting, inter alia (emphasis added), *"We upgrade our roads and immediately they are filled with more cars. We simply have to do it in a more coordinated way and upgrade rail at the same time as we upgrade the roads. We need to do that in a coordinated and sensible fashion so that what belongs on the roads goes on the roads and what belongs on rail goes on rail."*

3. The AusLink (National Land Transport) Bill 2004 and the AusLink (National Land Transport Consequential and Transitional Provisions) Bill 2004, was referred to the Senate Rural and Regional Affairs and Transport Standing Committee. The Committee received 29 submissions (including one from this writer) and in its report of May 2005 noted, inter alia, that "Almost all submissions strongly supported establishing a National Transport Advisory Council including stakeholder representation."

Part of the concern expressed in some submissions, and in the two minority reports, was a perception that 'Roads of National Importance' were perhaps RONPIs, 'Roads of National Party Importance'; also, that there was a need for 'Railways of National Importance'.

4. Following the White Paper, a series of no fewer than 23 draft corridor studies were placed on exhibition. However, this was

accompanied by an increasing number of groups calling for a independent body to advise on infrastructure.

5. In 2007-08, the establishment of Infrastructure Australia by the Rudd Government was a further positive and much needed step towards addressing Australia's severe infrastructure challenges. So also was the reinstatement of federal funds for urban public transport projects.

6. Infrastructure Australia has published a number of useful reports, including the 2013 National Infrastructure Plan. In so doing, it has taken a somewhat independent approach with comment (in 2011 and 2013) that Australia as a country and a community is reluctant to increase government debt or raise taxes to pay for better infrastructure and services, and, is uncomfortable with the 'user pays' concept.

This plan also notes that: "We know that Australia cannot afford to have a short term focus. We cannot continue to operate with a business as usual mentality delivering small, incremental changes or we will miss the opportunities presented to us as we enter the Asian Century."

The need for a step change from "business as usual" has also been noted by the economist and author Professor Ross Garnaut in his recent book 'Dog Days: Australia After the Boom'. Yet, the proposed changes, including a board structure (with its increased costs), may unduly limit the independence of Infrastructure Australia.

7. The 2013 National Infrastructure Plan, within priorities under the transforming our cities theme, gives "ready to proceed" to the Brisbane Cross River Rail project, and "Threshold" to Melbourne's Metro. As well, within priorities under the international gateways theme, Brisbane's Gateway motorway ranks as "Threshold".

However, within priorities under the national freight network theme, the proposed (and controversial) East West Link in Melbourne (18 km of roads with some tunnels costing \$6-8 bn) rates "real potential" (third level) whilst West Connex favoured by the NSW Government and costing \$10-13 bn rates just "Early stage" (fourth and lowest level).

It is submitted that it is vital, without the need for Ministerial direction, for Infrastructure Australia to be able to make competent and transparent assessments of competing and differing major projects. This should be possible despite a current new government policy to advance funds to major road projects in Sydney, Melbourne and Brisbane whilst withholding further federal funds for urban public transport in our cities.

On this point, the Transport and Tourism Forum (TTF) in its submission has expressed a concern that one provision in the Bill "may allow the Minister to prevent Infrastructure Australia from assessing proposals relating to public transport. ... we would regard this as a fundamental mistake that would see funding flow to a narrower band of projects that may not be the most important for a particular city or state, or the nation's productivity."

Or, to quote from the Infrastructure Coordinator's submission: "Promises are made with only limited regard for funding these commitments. This is a particular problem during election periods where commitments are often made although robust business cases have not been prepared, let alone independently reviewed. Recent examples include the West Connex road project in Sydney and the East West Road link in Melbourne. Both major political parties are guilty.

"The consequence is cynicism about the justification for such big-ticket projects, combined with little perspective on the overall infrastructure backlog and little appreciation of its scale - or the cost of overcoming that backlog..."

Whilst noting submissions already made to the Committee, attention is invited to the concerns expressed and the amendments proposed by the Australian Conservation Foundation (ACF) in their submission to the Committee.

8. An independent Infrastructure Australia is also necessary to assess a balance between major highway upgrades and mainline railway upgrades. One case in point is the Pacific Highway in NSW, which is being reconstructed to modern engineering standards, whilst the nearby North Coast mainline from Maitland to the Queensland Border retains a substandard and steam age alignment. This line started off as a number of branch-lines later joined together.

Infrastructure Australia should also be able to assess the concerns expressed in 2012 by Infrastructure NSW [p143] which noted the due to the relatively low traffic volumes on the remaining sections of the Pacific Highway, the economic merit of their reconstruction is much lower at 0.8 (Benefit Cost Ratio) than that of the Highway as a whole; also *"...given competing priorities for NSW and Commonwealth Government funds, the high cost and relatively limited benefits of these remaining sections raises questions ... appropriate scope of works and priority for those sections with relatively light traffic."*

9. It is important also that consideration be given to longer term issues such as oil vulnerability. This topic is addressed in the 2013 Queensland Freight Strategy. Given rail's superior energy efficiency to road, and ability to use electricity for traction, it is worth while, where traffic warrants, in investing in rail. In this regards, a recommendation of a 2007 report of the Senate Rural and Regional Affairs and Transport Committee Inquiry is of note *"... that corridor strategy planning take into account*

the goal of reducing oil dependence ... Existing Auslink corridor strategies should be reviewed accordingly.

10. Mitigating climate change also needs attention. In 2008, the Garnaut Climate Change review final report noted (Ch. 21 'Transforming transport', p 503) that *"Governments have a major role in lowering the economic costs of adjustment to higher oil prices, an emissions price and population growth, through planning for more compact urban forms and rail and urban public transport. Mode shift may account for a quarter of emissions reductions in urban public transport,...*

11. In Sydney alone, road congestion was estimated by the Bureau of Infrastructure, Transport and Regional Economics to cost \$3.5 billion in 2005, increasing to \$7.8 billion per annum by 2020. In the 8 capital cities, it is expected to exceed \$20 billion pa by 2020. Urban road congestion is now running at about one per cent of GDP and as such is a drag on our economy.

When all costs are considered, as they should be, road transport is a costly mode of land transport. Indeed, all up, some 11 per cent of GDP and now over \$150 billion per year.

12. It is wishful thinking that road congestion in Sydney, Melbourne and Brisbane, can be reduced by building more roads. The overseas experience is that a more balanced strategy, including rail, is needed to reduce road congestion. Moreover, in the Asia -Pacific Region, metro rail systems are operational, under construction, or being planned.

One notable example is the expansion of the Shanghai Metro system which opened in 1995 with just one line. By 31 December 2013, with two new lines (12 and 16) recently opened, Shanghai had more than

500 km of track with 329 stations and that year had carried a record 8.9 million passengers. The current plan of the city of Shanghai is by 2020 to have total of 22 lines with a combined length of track of 877km. It is one of the fastest-growing and longest metro systems in the world.

Hong Kong has construction of metros being advanced on four fronts as well as completing a High Speed Rail link to China.

Other cities in the Asia Pacific region are getting new metros. However, in Australia, we are falling behind.

13. Australia in the past has delivered good urban rail projects. A recent one is the Perth to Mandurah railway. As a result of expanding, electrifying and upgrading Perth's rail system, recently released Public Transport Authority (PTA) 2012-13 patronage data shows a record 65.5 million rail trips. This is TEN TIMES that of 30 years ago.

Of these trips, some 21 million were for the Perth to Mandurah railway that was not operational until late 2007. Moreover, PTA data shows Perth bus patronage growing each year since the Mandurah line was opened in late 2007.

14. To conclude, Australia needs to take a longer term approach to planning of transport infrastructure, along with access pricing and funding. The proposed amendments to Infrastructure Australia should be reconsidered.

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