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SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

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

MONDAY, 30 MARCH 2009

MELBOURNE

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

Monday, 30 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, 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, 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, *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.

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Committee met at 9.04 am

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. The committee is hearing evidence on the committee's inquiry into investment of Commonwealth and state funds in public passenger transport infrastructure and services. This is a public hearing and a *Hansard* transcript of the proceedings is being made.

Before the committee starts taking evidence, I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as contempt. It is also a contempt to give false or misleading evidence to a committee.

The committee prefers all evidence to be given in public, but under the Senate's resolutions witnesses have the right to request to be heard in private session. It is important that witnesses give the committee notice if they intend to ask to give evidence in camera. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, the witness may request that the answer be given in camera. Such a request, of course, may also be made at any other time.

On behalf of the committee, I thank all those who have made submissions and sent representatives here today for their cooperation in this inquiry.

[9.06 am]

BROADBENT, Ms Gail, Transport Campaigner, Sustainable Cities, Australian Conservation Foundation

CHAIR—Welcome. The Australian Conservation Foundation has lodged submission No. 27 with the committee. Do you wish to make any amendments or alterations to that submission?

Ms Broadbent—No.

CHAIR—I invite you to make a short opening statement before we go to questions.

Ms Broadbent—ACF welcomes the opportunity to act as a witness to this inquiry. The Australian Conservation Foundation was established 43 years ago and advocates for a more sustainable future. The shape of our cities and the means by which we transport people and goods within urban centres and throughout the country has been largely shaped by the availability of cheap oil. This inquiry is focusing on public transport passenger infrastructure and services. I will focus on travel in urban areas and take a big picture view of the issue.

Transport constitutes about 14 per cent of Australia's total greenhouse gas emissions. This is predicted to grow by 67 per cent by 2020 from the 1990 levels, even with abatement measures. In Australia we currently import about half the oil we use. Within six years Geoscience Australia estimates that we will be importing 66 per cent of our oil. A major problem is that there is no guarantee that we will be able to access adequate supplies at a reasonable cost. The International Energy Agency has declared, 'The era of cheap oil is over.' Despite fluctuating oil prices, the trend is up.

We can help solve these problems by investing more heavily in favour of public transport infrastructure rather than spending the bulk of our transport budgets on roads. Building more roads has not resulted in reduced travel times in urban areas, where about 90 per cent of Australians live. Induced traffic growth is a phenomenon that, due to feedback loops, means that soon after a new road is built traffic fills the space and choke points are merely moved to another place. Build it and they will come.

It is not possible to satisfy unlimited demand for private motor vehicle transport, particularly as the population is growing. A suburban train can carry about 1,000 passengers. With Australia's very low average car passenger numbers that means that every new train has the potential to remove about 800 cars from our roads. These 800 cars would stretch for five kilometres. A suburban train line can transport about 20,000 passengers per hour. A double track line takes up to 2½ hectares per kilometre. To provide roads to accommodate enough cars to transport 20,000 people we would need 40 hectares per kilometre. What a difference in cost and opportunities lost. What a waste of land—land that would be better used for agriculture, reducing food transport costs, for recreation or for providing habitat for our wildlife. By investing in better public transport infrastructure and services we can deal with these problems and also reduce costs associated with a series of other connected problems.

Better public transport infrastructure and services has many benefits. It reduces road congestion, which costs about \$21 billion a year in Australia. It reduces traffic accidents and fatalities, which cost about \$18 billion a year. About 1,600 Australians are killed in motor vehicle accidents each year and 30,000 are seriously injured, increasing hospital costs, slashing productivity and devastating families. It reduces health problems due to inactivity. There are direct health costs of \$10 billion a year, including obesity, heart problems and diabetes—the modern epidemics. People who live in sprawling suburbs are more likely to drive cars and they do have higher body mass indexes. The link is statistically significant.

It means that less land is lost to roads and parking. One-third of urban areas is devoted to roads and parking. It could be better used for other purposes. It means that fewer resources—money, energy and materials—are used to provide the services of transportation. Buses, trains and trams are far more efficient than cars. It means that there is less total wealth spent on transport due to the inherent efficiency of public transport measures. It makes more funds available for other tasks. It reduces air pollution, water pollution and noise. It breaks down social isolation for people who are unable to drive and can feel trapped in remote suburbs with poor public transport links to jobs and services. It rebuilds the community that is lost through excessive car use. It reduces Australia's vulnerability to being so dependent on imported oil.

The Commonwealth government can also make substantial savings by removing the fringe benefits tax concession for personal use of company cars. There is no justification for an investment of our nation's wealth in tax concessions that mean that the benefits increase the more you drive a company car and the more you pollute the atmosphere. This perverse subsidy exacerbates our carbon emissions problems and wastes a diminishing resource. This single tax concession will result in lost revenue of almost \$2 billion in 2009-10. ACF's Executive Director, Don Henry, says:

... the fringe benefits tax break for company cars is like a virtual pollution factory, invisibly chugging out just as much greenhouse pollution every year as a medium-sized coal-fired power plant. Only the fringe benefits tax break for company cars doesn't produce any energy. It's just a dead weight on the economy, the Budget and the environment.

ACF is not alone in calling for the removal of this senseless tax break. The Australian Council of Social Service, the Institute of Chartered Accountants, Australia's largest insurer IAG and even the National Transport Commission have all spoken out against it and we have been supported by several parliamentary inquiries. Instead, we should be investing much more heavily in better public and active transport options that will limit growth in road traffic and ameliorate a wide array of problems.

There are many examples of excellent public transport services and infrastructure overseas, and we would do well to implement the solutions fit for our particular geographic and demographic needs. These problems are urgent but not insurmountable. It is imperative that we begin investment now.

CHAIR—I note in your opening statement your support for greater use of rail. Are you from Melbourne?

Ms Broadbent—No, I am not; I am from Sydney.

CHAIR—All right, I will use any capital city. I am not from Melbourne either. Most rail transport usually starts in the suburbs and ends up in the city. Would that be a fair assumption?

Ms Broadbent—Certainly in Sydney that is the case. Most of the lines radiate out from the city, but they are designed as loops. Now they are in a big fat mess, and they are trying to ameliorate that with a new plan. The rail lines do not go out to the new developments. They do not go far enough, because most of those lines were built much earlier in the 20th century when of course those settlements further out were not there. It was just rural agricultural land at that time. Now we have large settlements—and plans for more settlements further out—that are not served by rail. Yes, the lines do go into the middle. You cannot just invest in rail. You do need to invest in a mix of things—for example, bus rapid transit, tram lines, bikes—and make a plan.

Dr Garry Glazebrook from UTS has designed a 30-year plan for Sydney, where you do have the railway lines coming in but you have bus rapid transit connecting all the outer ones so that if people want to access outer places it is easier. Bus rapid transit makes use of roads that are already there. It transports a lot more people per hour than you can by private car. We do not expect that rail will be the only solution. It has to be a mix of different types for the different areas and for how many people you are expecting. Also, public transport investment cannot be done in isolation from planning of urban settlement. You need transit oriented development. I am sure you have heard Professor Peter Newman talk about that.

CHAIR—We have.

Ms Broadbent—Transit oriented development reduces demand for travel. You cannot satisfy an unlimited desire for travel. You have to actually plan to reduce demand.

CHAIR—This is where my questioning is heading. In Perth, transport planning is part of any future development in the outer suburbs. It came out loud and clear that they do it well there. But in Sydney they do not. That is what we got very loud and clear also. I cannot comment too much about Melbourne because today is our first day of hearings in this great city, but what I am trying to establish is, with all those outer suburbs in Sydney, is not the land already taken for housing? Is there the land there for train lines, or do you have to buy the land back and get rid of housing?

Ms Broadbent—There is a mix of answers to that question. I do not think it has all been taken up for urban housing. Certainly developers have to provide roads. If there is room for roads, there is room for other options. Bus rapid transit uses roads. It is just a matter of state and local governments allocating the land out properly.

CHAIR—But they have not, we have been told.

Ms Broadbent—I am trying to keep my comments on the big picture. I cannot comment particularly on what individual state governments are doing. There are long-term urban plans of course, but that does not mean that they cannot change plans. They do that all the time.

CHAIR—This is what I am trying to establish. The evidence that we have taken in other states is that the horse has bolted. We fully understand integration. This committee has got that very loud and clear. Some states do it very well in certain parts. Some have absolutely no

cohesion at all. If the suburbs are already there, there are roads there; what do we do then? Do we put the railway line on the roads?

Ms Broadbent—There are different kinds of roads. You do not have to go for heavy rail all the time. Rail takes up a lot less space than roads.

CHAIR—I am not arguing that.

Ms Broadbent—You could reallocate some of the land that was destined for a very large road to be shared partly with rail and partly with road. It does not mean that a road is all that you can put there. There is no reason why a state government who owns the land that the road has not yet been built on cannot just reallocate what is going to be put in that space.

CHAIR—I fully understand. If we have four lanes, dig up something in the middle and have three lanes and a railway line or something similar, that also brings in other planning problems in terms of railway stations. Park and ride is now a huge thing around the country. That has certainly got a lot of pluses, and there are some minuses. I do not think this is quite so simple. I am not trying to set you up for a fall on the final question. What I am trying to highlight is that what this committee has heard in evidence so far is that some states do it very well but some have been a bit atrocious. We heard that in New South Wales there is some thing called the ‘southern transit metro’ or something—some great plan for the southern suburbs of Sydney. It has eight criteria for planning the future of developing suburbs, and public transport did not even rate on it. I have not been to the south-western suburbs of Sydney, but I hear what you are saying. Yes, we must have rail. We must invest in rail and integrate it with bus rapid transport, or whatever we end up doing, if we are going to reduce our carbon footprint. That is tremendous, but has the horse bolted in some states?

Ms Broadbent—I do not think any problem is insurmountable. You just have to have the will to say: ‘This is what we are going to do.’ There is no reason why you cannot build a railway station and put the shopping centre on top of it. I lived in Hong Kong for a number of years. They have fabulous systems there. On top of Kowloon Tong is a five-storey shopping centre with an ice-skating rink and all sorts of things inside. You do not even have to go outside. When you go up the escalators you are in the shopping centre. Yes, Hong Kong is much denser than Sydney or any other place in Australia, but there is no reason why you cannot just alter plans. You cannot say, ‘That is it.’ It is only masses on a map.

There is no reason why you cannot change things even if things have already been built. I live in the eastern suburbs. I moved there before the eastern suburbs rail line came in. It is fabulous. It is well used. It is the best and most efficient rail line in Sydney. That was built in the most densely populated part of Australia. There is no reason why you cannot do that elsewhere. Just because things are said to be allocated does not mean you cannot reallocate or pull down something and build a train station with a shopping centre or an office building on top. Land is valuable. The closer people are to those public transport facilities the more efficient it is and the less demand you place on transport. It is a lot more efficient to do that. I do not see any reason why you cannot change something that has been decided some time ago or redevelop. Redevelopment goes on all the time. We have brownfield sites all over the place in Sydney.

CHAIR—It just comes down to the dollars and the political will.

Ms Broadbent—I think so.

CHAIR—It is easy for me to say that it just comes down to the dollars, but we are talking about billions and billions of dollars. Where Senator Back and I come from governments of both persuasions over the last number of years have talked about how lovely it would be to sink the railway line in Northbridge, but none of them have ever got off their backsides to damn well do it. I do understand where you are coming from. Anything can be done if the will is there.

Senator BACK—Thank you very much for that introduction. I read your submission with keen interest. What is of concern and interest to me is that transport notionally is a state responsibility, and obviously local government has a big say. Why should the Commonwealth enter into this area? Why should it not remain the province of the state and local governments, who would claim to have closer association with their communities?

Ms Broadbent—I can see your point about local government. That is certainly the case. Local governments certainly need to plan local solutions, but there is no reason why the federal government should not get involved. They are in charge of making Australia a more sustainable place in the future. They can provide the investment backing for these large projects. There is no reason why they cannot provide that investment with some sort of ultimatum like, 'We'll give you this money if you do whatever.' You cannot just say, 'That is a state responsibility.'

We have to look ahead. What is the future? Australians expect governments to do stuff. You are elected to do these things. Unfortunately, just leaving it to the marketplace is not necessarily the solution. The federal government needs to provide the large sums that are involved, and we have read about them. Look at the economics of it. I told you about the cost of accidents, for example—\$18 billion a year and 30,000 people in hospitals. Nobody is spending \$18 billion a year on public transport infrastructure. Think of the money you would save if you could reduce those other things, and public transport will reduce those things.

I do not see why the federal government should not invest in those things. They have the money. That is where the tax dollars go to. They should be able to say, 'We are going to allocate some of those funds.' I am not suggesting we make the transport budget bigger; I am just suggesting that we reallocate where the funding goes, because roads are very costly for the service that you get from them. Public transport is much more efficient in every sense than road spending. I do not see why the federal government cannot get involved.

Senator BACK—I concur with a lot of your comments. I have listened to people now for the last couple of weeks around the place, but what are the barriers? Why do we still have 80 per cent or more people driving in the cities? I think the country areas are different because there is the inconvenience of transit times and the fact that you have to carry goods, animals or whatever. What do you believe are the barriers that are stopping people from getting out of their cars and using public transport as we see in the cities you have mentioned, Copenhagen and Paris? I have seen this and very willingly participated in it. Why is it that we will not get out of our motor cars and onto public transport?

Ms Broadbent—I think that is actually changing. In the last 12 months even in the United States, the home of the automobile, people are starting to realise that they cannot afford to keep getting in their cars. They will get on public transport if a decent service is provided. I think it is

a decent service that will reach out to the further reaches of urban settlements. It has been cheaper to get into a car up till now if you are travelling from a long distance. In Sydney there are a lot of tollways. Those tolls are horrendous. The cost of moving from one side of Sydney to the other can be up to \$20 once you have paid all the tolls, and that is not counting the cost of the car and so on.

If you provide a decent public transport infrastructure service, people will get on it. That has been changing. I think here in Melbourne it has been changing quite a bit. Trains and trams are to capacity now. They are going to have to invest in more public transport infrastructure in Melbourne and certainly in Sydney. I know in Brisbane they have the bus rapid transit, which has demonstrated that, as soon as you provide a decent service, people will get on it. They have had a massive increase in the number of people getting onto buses in Brisbane because they have provided a decent service that is fast, gets them to their destination in comfort, is safe and is secure. All of those things need to be satisfied if people are going to get on it.

Senator BACK—From a macro point of view, is that where the Commonwealth can have its greatest impact: to take that point and encourage states and others to participate in those processes and programs to get people out of their cars? Is that really where the Commonwealth can have its greatest impact to get the greatest value?

Ms Broadbent—The Commonwealth needs to ensure that investment in public transport services is done where there is a demonstrated need, not where it is already satisfied. The inner parts of most of the large cities are already well satisfied with the public transport options. It is the outer areas that need to be given more help if you are going to get those people out of their cars. As soon as you get them out of their cars and onto public transport, they will need to walk somewhere to get the train, the bus or the tram and their activity levels will go up. To answer your question, the Commonwealth just needs to choose the most efficient and best of what is being offered.

Senator BACK—Do you think the Commonwealth should be making an ongoing commitment or do you think the Commonwealth should just be a catalyst in a relatively short period of time to in effect give some guidance to the states in the way that they should be moving?

Ms Broadbent—I think it is going to be a long-term thing. Whilst the population is growing—and that is so because of our immigration program—you must provide more services for those people. You cannot expect people to arrive in Australia and not have to provide them with some sort of public transport infrastructure. So while the immigration program goes on, as it does, then the Commonwealth needs to be involved. They have the AusLink program. There is no reason why they cannot adjust that spending more heavily towards public transport options.

CHAIR—You talked about greenhouse gas emissions, road trauma and the like. Do you have figures that you can provide to the committee to back up those statements?

Ms Broadbent—Of course. I have a lot of references on these aspects. At the back of the submission I made there are a lot of references. If you want me to provide any additional references, I can certainly provide those on notice. At the back there is a wide array of references.

CHAIR—I see. I am sorry.

Ms Broadbent—I am very mindful that you cannot just make assertions; you do need solid figures. I have been very careful in researching those.

CHAIR—That is great. We certainly did not want to suggest that you would for one minute. It is great to have access to them to back things up.

Ms Broadbent—There is one there on the link between inactivity and people living in outer suburbs. I have been given that directly by the author. I could send it to you if you would like.

CHAIR—Thank you, that would be very helpful.

Ms Broadbent—I think that is quite interesting. It is not just about that particular point. That was just one thing that came out of their study. It does show there is an actual direct link between increased body mass index, inactivity, where you live and getting into cars. I was very careful about making sure that my references were sound.

CHAIR—That is great. This committee a number of years ago did an inquiry into Australia's future oil supply and peak oil. You mentioned that in your opening statement. Would you like to expand on that point?

Ms Broadbent—Peak oil, as I am sure you are aware, is when the supplies that are available get past the halfway point. The more you get past that point the more expensive it is to extract just because of the nature of the oil wells. In Australia I believe we have passed peak oil already. We are importing about half our oil needs now. It is not going to get any cheaper and we are going to have to keep importing more and more as time goes on.

CHAIR—We had an Iranian oil expert come before the committee, Dr Ali Samsam Bakhtiari. He said to us a number of years back—and Senator Hutchins and I were on that inquiry—‘Do not be surprised to see fuel at \$2 or \$3 a litre very soon.’ At the time we were at \$1.10 and the committee were thinking that that is a big call. He was not far off. We have heard on this inquiry that \$4 or \$5 is not that far away. Should oil spikes hit us right between the eyes at \$3 or \$4 per litre are we as a country ready? Would our public transport system be able to cope if there were a mass exodus from car usage to public transport?

Ms Broadbent—The current amount of infrastructure that we have and the current inefficiencies of the services that are actually there indicate that we are not ready. That is why we need to start implementing some measures very quickly. Bus rapid transit can be put in very quickly because the roads already exist. With just some investment in actual buses and coaches you can put that in quite quickly.

Getting even a small percentage of people onto bikes will make a big difference. I live five kilometres from the city of Sydney and I can walk to work when I have to. Only a year or so ago there was a gas problem on the city's trains and they had to shut the whole line down, so people were walking. There are other options if you live close, but when you live further out there are no other options but to get in your car. I do not think we are ready for that.

CHAIR—We have taken some submissions from the Australian bus-building companies. They are churning out buses at a rate of knots. The only part that is imported is the chassis. The engines and the rest are all done here. Of course that is a concern to them. If that industry shall halt and there is not a great call for buses very soon, that will all go offshore. We will have a double whammy if we have to do something very quickly because the infrastructure will be gone in the bus-building industry.

Senator BACK—I want to pick up on the bicycle matter that was just raised, and I am sure the group making the next presentation will also. You made the point in your submission that Australian bike ownership is amongst the highest in the world and yet we do not tend to use them very much. Where do you see the opportunities? If people already own bikes and, as you suggest, have a preference for bicycles recreationally, how do we get them to use them to go to and from public transport or to workplaces?

Ms Broadbent—I went to a Sydney Talks presentation last Wednesday night and they spoke about this very matter. I am one of the recreational bike users who would not ride to work. The greatest problem for me is the fear of accidents. There is a very high accident rate for bikes. The way that you can encourage people to get on their bike to go to work on a regular basis is to provide safe, separated bike lanes. It is all very well to put a painted line on the road and a little bicycle symbol. Car door accidents are 40 per cent of all bicycle accidents. People opening car doors without looking in their rear vision mirror to see if there is someone coming—that is 40 per cent. My son rides to school sometimes, and he says people opening car doors are his greatest fear. You also need somewhere to put the bike when you get there. City of Sydney is doing a great deal to encourage that. But then you are all hot and sweaty, so the place of work or somewhere nearby needs to have bike centres with showers, lockers and towels. There was a presentation by a person at Fairfax. When they moved into Pymont, they vowed that they would keep the rate of people going by public and active transport means to work as high as it had been when they were in the city. One of the things that they did was to provide the shower rooms with the towels. Part of the commitment to taking your bike to work is carrying a towel, apparently, so that was quite a positive thing to get their people encouraged. You have to provide three things: somewhere to put your bike when you are at the beginning of the journey, a safe, separated bike lane and somewhere to put the bike at the end of the journey—plus showers facilities so that you can go to work fresh rather than all hot and sweaty.

Senator BACK—Is anyone doing it yet? You have mentioned two or three on a very small scale.

Ms Broadbent—That is the problem—it is on the small scale. City of Sydney are about to convert King Street across town, but that is a very short road. If I want to ride home it is five kilometres, and King Street is only one part of that. You really have to get the other local governments butting up to City of Sydney to be part of that plan. In Melbourne, Yarra council have taken bicycle infrastructure very seriously. They provide things, but you have to have it as a total, overall plan, not just here and there. There might be a great bike road somewhere; but then it just stops. Then you are left out in the cold, basically.

Senator BACK—Thanks.

Senator HUTCHINS—Does the ACF have a view about whether public transport should be free?

Ms Broadbent—No, we do not have a view.

Senator HUTCHINS—We have heard people express views contrary to that, saying it should not be free. Then there are others who have said it should be. Do you personally have a view?

Ms Broadbent—I would not say that you need to provide it for free. But you could have annual train passes, bus passes or integrated ticketing, which is one we have not mentioned. If you had integrated ticketing in the way that they have in Hong Kong, which is sensational—you can even buy cinema tickets on those—you could allow that to be offset as a tax break. Fringe benefits tax for private use of company cars is something that ACF feels that we need to change. I see it as a real disadvantage to those who want to do the right thing and get public transport to work that they are not allowed to use that as a salary offset. There is room for that. Certainly cheap tickets for pensioners in Sydney encourage them to get on the train, go places and do things. I do not see that you have to provide a free service, but I certainly think you need to provide a good service that is not necessarily at the full price. You have to ask yourself: what is public transport all about, and what is government all about? It is about providing a sustainable future. If you charge the full price for anything of that sort then you have to ask why. I think you need to charge something, but not the full price.

Senator HUTCHINS—Ms Broadbent, how would you—or maybe the ACF already has a view about it—to this: people who have access to public transport are undoubtedly the most affluent. Should there be some sort of particular charge placed on them to allow for governments to raise money to develop public transport corridors in the outer suburbs?

Ms Broadbent—That is a very difficult question and I am not sure I am the best person to answer it, so I would rather not.

Senator HUTCHINS—You may wish to take it on notice and take it back to the foundation.

Ms Broadbent—Okay.

Senator HUTCHINS—I am Sydneysider like yourself, Ms Broadbent, and it seems to me that if you live within a few kilometres of Sydney, you have access to buses, to ferries and to trains that regularly run on time and are at reasonably priced fares because they are done on distance.

Ms Broadbent—May I say, just as a thought—and this is not the view of the foundation—that rich people do pay taxes, and if the government is using its transport budget then people are paying taxes towards that. But I will take that question on notice; I would not like to answer that now. It is not something that we have thought about at all.

CHAIR—On that, Ms Broadbent, we thank you for your assistance to the committee today.

[9.42 am]

BARBER, Mr Harry, Chief Executive Officer, Bicycle Victoria

CHAIR—Welcome, Mr Barber. Could you please state the capacity in which you appear today.

Mr Barber—I am the CEO of Bicycle Victoria. I am here representing the Bicycles Network Australia. I have spoken to the bike groups in Western Australia, Queensland and New South Wales, so you are getting four for the price of one today!

CHAIR—We have actually spoken to those groups as well. We welcome you here anyway. Bicycle Victoria has lodged submission No. 138 with the committee. Do you wish to make any amendments or alterations to that submission?

Mr Barber—No, I do not.

CHAIR—I invite you then to make a brief opening statement before we go to questions.

Mr Barber—The Bicycles Network and Bicycle Victoria are now cousins, so we are like the NRMA or the RACV of bike riders. We have 40,000 members and our cousins in other states have maybe another 20,000 members. We are based on community membership. People pay about \$100 a year to belong, a bit like your emergency roadside assistance, and we work with local, state and, to some extent, Commonwealth governments to get more people cycling more often. I am going to go very quickly through a presentation.

A PowerPoint presentation was then given—

Mr Barber—I am picking up on the integration of bicycle and pedestrian initiatives part of your brief. Basically, it is a good idea. We get societal benefits and individual passenger benefits. I will talk to you about the swipe card bike cages and about the bike paths and lanes that need to be built to railway stations.

In the Netherlands, most of the people who are on the trains have got there by bike; in fact, most of their bike trips are to public transport. A lot of people ride a bike to the express bus. However, here in Melbourne, very few people get to the station by bike. Walking can support a bus network because you can walk between the stops. But with a rail network you cannot walk between the stops because the stations are generally two kilometres apart. However, if you have bike riding around the stations, you can feed the heavy rail stations by bike.

The next picture is from Western Australia. This shows people driving to the railway station. This is taking their number plates and seeing where they have driven from. As you can see, there are a lot of people driving three kilometres to the railway station. This is a picture of the swipe card bike cages that are now working in Melbourne. The blue people you can see are bike riders. The red people are people who used to be driving their cars, and they are now riding a bike to the yellow dots, which are railway stations.

CHAIR—What are the dots?

Mr Barber—The dots are the residences of the people who have booked into the cages. As I said, there are a number of benefits if we can get people to ride their bikes to the station rather than drive. How expensive is it? Car parking is extremely expensive. By comparison, it might cost \$1 million to park 26 vehicles but the cage costs no more than \$100,000, and it will cost less as we do more of them. You need to do two things. Firstly, we need appropriate parking.

Here is a picture of the cage. It is a secure cage and you swipe to get into it. You can lock up your bike in the cage, and there is a solar panel on the roof to drive all the electrics. This is the way it is being done in Brisbane, Sydney and Melbourne at the moment. Open air bike rails are too insecure. Lockers are too expensive in terms of space and money and they are generally empty. Lockers only support one rider whereas, with the cages, we can fit more people in. The lockers are mainly unoccupied in Queensland, Western Australia, Victoria and New South Wales. They are all the same. In Queens land they have gone heavily into the locker system but, from a bike rider point of view, it does not really work. I am not going to go into the detail of it but basically the rail system puts the lockers in and then forgets about the system.

Here is the second thing we need to do. This is a picture of a station near Dreamworld in Queensland. It is very hard to ride your bike there. There is a busy road and you can see the two fast roundabouts between where people live and the station. Here is a picture of Hoppers Crossing in Melbourne. The green path exists and you can see the red rectangular railway station. But the red path is missing and you cannot get across the busy road to the station. That is my opening summary.

CHAIR—Thank you, that was very interesting.

Senator BACK—The fact is that we have gone backwards in bicycle use. When we were kids—I am sure my colleagues can remember back that far also—we all rode our pushbikes to school, whether it was safe or unsafe, balancing our cadet gear, our sport gear and our briefcase. But today the number of kids who ride a bicycle to school is infinitesimal compared with the sixties. Do you agree with that?

Mr Barber—That is correct. Mr Pareto's 80-20 rule applies. Back then, 80 per cent of kids got themselves to school by walking and riding, but now it is 20 per cent. Our program 'Ride to school', which I am not here to talk about, can get that up to 50 per cent, especially in government primary schools. People still live near the schools, so it is still achievable to get kids walking and riding to school. But you are making the more general point that the people who built cars at General Motors rode to work by bike. That was certainly true in the forties but since then things have gone backwards. The bike still remains a good transport tool. It is quick and it is cheap and it is still available to us today. I guess the point of my presentation is that we under-use it. In the Netherlands, half the people get to the train station by bike, and there is no reason why are we cannot do that.

Senator BACK—I only make the point because the pattern of behaviour might translate into their adulthood. The second question I want to ask you relates to helmets. In Western Australia we had legislation in the early nineties that made wearing helmets while using bicycles compulsory. At the time there was enormous argument that went on and there was suggestion

that people would refuse to use helmets, that they would not ride their bikes and that the improvements in safety occasioned by helmets would more than offset by the obesity of people no longer riding. Can you tell us what did happen?

Mr Barber—That is right: the Commonwealth required all the states to change their road rules as a condition of getting their road funding in the early nineties—

Senator BACK—That is correct.

Mr Barber—so every state now has compulsory helmets. There is an intellectual case to be made that there might be a greater community benefit from increased exercise if you took away the suppression of helmet wearing but I think it is too complex politically. The community basically has a requirement now ingrained over 20 years that bike riders should wear helmets. There is no doubt that the community cost of a brain injury is very high. While an individual rider might not ride because of their hairdo or the sweaty feeling, we have been able to increase bike riding, say, here in Melbourne, by 20 per cent a year with the helmet laws. So I would say that, yes, for some people it is a problem, but it is not a strategic barrier.

Senator BACK—Obviously this committee's inquiry is in relation to not public transport per se but what the Commonwealth should or should not be doing. I am very keen to know what you believe the Commonwealth can do. Should it be investment? Should it be encouragement? Should it be a carrot? Should it be a stick? Logic tells us, particularly in those climates where some of us come from, that good weather is probably more conducive to riding. What can the Commonwealth do in terms of encouraging bicycle use between home and public transport hubs or workplaces?

Mr Barber—It would be a new area for the Commonwealth, and I think you would only want to move in if things were not working to your satisfaction. I think there is good reason to say that they are not working to your satisfaction, so let us talk about schools, for example. If you ask a local government: 'Will you build a bike shed on school property?' they will say, 'No, that is education department property'. If you ask a narrowly-focused education department: 'Will you build a bike shed on school property?' they will say, 'That is not really reading, writing and arithmetic; that is up to the school to decide'. They would certainly say that here. If the state asks the local government: 'Will you help kids ride to school, because that will take some pressure off the arterial roads if parents are not driving them to school?' the local government will say, 'That sounds like a great plan. It sounds as if it is your roads that are under stress; you should pay—good cost-shifting effort there, state government, but no'. Then if you go to the state government and ask: 'How about you take some of the load off the arterial roads by making it easier for kids to walk and ride to school?' they will say, 'They are local roads; the road authority can only work on declared roads and those roads are not our roads'. So we have the two kids who cannot agree, so maybe the grown-ups from Canberra can come in by all of those methods that you have mentioned. I think you only need incentives, really. I think that if you put down some money and said, 'This money is available if state and local governments pitch in as well,' you would be successful in drawing out contributions. They are both stuck at the moment, thinking it is each other's job.

Senator BACK—Has your organisation given any thought to what the sorts or amounts of funds are needed? Is it seed capital? Is it ongoing? Is it based on populations, so that New South

Wales gets 35 per cent and Victoria and WA get 10 per cent or whatever? Or is to be based on people putting forward excellent ideas? How is it judged? Can you give any guidance as to how we might actually make these recommendations?

Mr Barber—Our whole organisation works on return from effort. We are great disbelievers in spreading cages across the system. I am going back to rail now, but I will give you an example. The state rail service has agreed to put cages in whenever a station is refurbished. They refurbished Hallam—a station which is a long way from anywhere, has no bike path, and has no workplaces around it, really—and no-one has lined up for the swipe card to get into the cage. However, where the cage is in the right place—for example, Werribee, where there are people living all around the station, the car park is full and there is a good train service—we have enough people to build two cages. So your efforts should be towards where you are getting a return, and you should not spread it evenly across Australia, I believe. That is my answer to your question about how much we should spend and where it should be spent. Follow success, is what I would say, because in effect you could view it as that you are buying exercise credits, carbon credits or congestion reduction credits which will save you infrastructure money, which is a business that you are in. So you could save Commonwealth money by investing in people walking and riding to stations, schools and places like that or by requiring it as a component of your investment in road infrastructure. But I would do it very much on a performance basis and give more money to the people who are making a success of it and less to the people who are not.

Senator BACK—And measure it.

Mr Barber—And measure it, absolutely. One of the things about the cage is that we know every time someone goes into that cage, and we know where they live—with their permission, of course—so we can get the carbon data, the heartbeat data and, as you saw from the dots in the presentation, we know whether they used to drive their car to the station. That is the sort of project that I think gives everyone a lot of emotional but, more importantly, financial investment satisfaction.

Senator HUTCHINS—One of the things that strikes me about people riding bicycles to school et cetera that has not necessarily been emphasised is public safety. I have six children. They have all been dropped off at school and only when they have got into their teens have they been allowed to make their own way home. I imagine you would have the same issue with men versus women riding bicycles to stations. Is the public safety aspect part of the difficulty that we are not dealing with at the moment?

Mr Barber—That is a good question and I will answer it in this way: when it is working, it will be fine for everyone. When you go to places where it is working—Northern Europe, of course—there is not a question about men and women and girls and boys, and primary school kids are getting themselves to school. However, when it is not working you have to start, I believe, with the people who are on the edge of readiness. That means that if you were to look at the experience of the last, say, 10 years here in Melbourne, adult males have been prepared to cut through congestion and ride their bikes 10 kilometres to work, so you back them up with bike routes and lockers and showers. Parents in some schools, depending on where they live and the road environment around the school, are uncomfortable with their kids getting themselves to school. Parents with kids at specialist schools—specialist either through fees or through religion

or educational direction or something—have large catchments; 20 kilometres is not an unusual distance to go to a specialist school. That is why I said that with government primary schools everyone lives within two kilometres.

We only need to spend a few thousand dollars. Then as seniors, to take your example, it may be only the grade sixes who have some form at getting themselves sensibly to and from school. They could be looking after some of the others. You might find that in that school the age limit goes down: they can take their brothers and sisters, the neighbourhood gets to know about it, the routes are reinforced with raised zebra crossings and the school becomes a walking and riding school. This is our experience in riding to school. As you build the culture it becomes okay for everyone, but the first people will not be the kids who live a long way away, who have cautious parents, who are daydreamers et cetera. So let us start with the people who are ready to go. We are filling up these cages, which I come back to as an example. As we fill those, we will get better access to the station and more people will want to come. It is a momentum game, I believe.

Senator HUTCHINS—Do you see any difference between inner and outer suburbs? I was at a public school this morning in inner city Melbourne. There did not seem to be the amount of cars around that public school that there would have been if I were back where I live in Sydney, the Blue Mountains, or in the outer suburbs, where there would be a lot more cars around the school. Do you think there might be a difference in attitude, reinforced by the lack of, say, affordable and accessible public transport?

Mr Barber—A couple of years ago I would have said yes, but since then I have seen examples to suggest otherwise. I do not know if you know Bayswater in Melbourne. It is at two o'clock and 30 kilometres from the CBD. It is a classic area where you would think people would not walk and ride to school. They had some problems with drop off—it is crazy time at drop off, as you know—and now they can hit 97 per cent walking and riding to school because everyone lives nearby, a few things have been done and the culture is in the school. When the mortgage rates and fuel prices—remember the shock before the big shock!—came along, we were stunned. Watergardens is at 12 o'clock and maybe 40 kilometres out from Melbourne and bikes are everywhere at its railway station. Werribee, the example I am giving, is at eight o'clock and 35 kilometres out, and that is our most popular cage. So it is not true that outer suburban areas cannot do this bike thing, but it will depend—Blue Mountains might not be our first or most successful location to do things.

Senator LUDLAM—Thanks very much for coming along. I want to go to the attitude of the Victorian government—how you work with the government, how you find them and what their support is for cycling institutionally.

Mr Barber—To be honest, it depends on the minister, it depends on the secretary of the department or the CEO of the authority and it depends on staff that we meet. Generally we have been able to form a cooperative and positive relationship with government. We have tended to say, 'What are you prepared to do,' and work with them around that. It is rather like my comment about the riders—we do not try and take the people who are furthest from riding and convince them to ride. I think that, say, the road authority here is far more positive than the road authorities in some other states. It would be inappropriate to say which ones, but some of them think bikes is their job because they are the road manager—that would be the VicRoads view—

but other road authorities that I know of around the states would say that bikes is not their job and that their job is motor vehicles and heavy freight.

Senator LUDLAM—So what is the state of standards of road building in Victoria—for example, is there a requirement that new roads in Victoria are cycle friendly?

Mr Barber—There is now. The state has just launched a transport strategy for bike riding. We are very pleased that, instead of it being a bicycle plan, which most states have, it was a transport plan for bikes. The minister in his launch said, ‘We’re hoping through this plan to save ourselves from having to buy 100 trams or 19 train sets.’ So they are viewing bikes very much as a way of saving money, and we are going to do our best to help them to do that. Say there are 100 people to a tram—it is much easier to get 10,000 people riding than it is to buy 100 trams.

Senator LUDLAM—The cynic in me would say it has been pitched as an excuse not to invest in public transport rather than not to invest in urban freeways.

Mr Barber—The Sydney example that Clover Moore is using is quite impressive. She is spending \$20 million a year for four years. Her calculations are that that work will mean that the Anzac Bridge will not need to be widened for, say, 10 years. So these are just ways that bike riders are trying to talk the transport language of investment and moving people. We are a very cost effective way to move people and a lot cheaper than widening a bridge or buying a train.

Senator LUDLAM—If you are able to put some numbers under that, you would help everybody. What is the attitude of local councils? Is it possible to generalise or is it a bit patchy?

Mr Barber—Exactly, it is patchy. At the moment it still depends on the mayor, the CEO and the people in Parks or Traffic Management in the local government. We find that, if key people move municipalities, we are suddenly working with municipality B more than municipality A. Our aim is to build for local government a steady habit of effective behaviour around bike riding. Our benchmark is \$5 a head. Half the local governments are at or above that benchmark in Victoria. We will extend that benchmark around Australia over the next couple of years and see where that is. These are not large sums of money but, if this money is spent effectively, it can produce a significant jump in riding. People want to ride their bikes; we have to take the barriers away from them.

Senator LUDLAM—That is \$5 per head out of rates annually as a rough benchmark?

Mr Barber—That is correct. We reckon that is their job. Then there is a state investment and, ideally, there is a Commonwealth investment as well.

Senator LUDLAM—That is what we are here for. Is there a role apart from funding, which I presume you are in support of, for coordination for the Commonwealth as well? What kind of strings or conditions should be attached to funding?

Mr Barber—The Commonwealth chairs the meetings around road rules and those sorts of things, so there is much more national consistency than there was back in the nineties, as we were talking about before. I think people will listen if the Commonwealth funds. I think that is the way for the Commonwealth to have influence at these meetings. While the Commonwealth

is chairing and not putting any money in, the decisions are going to be made by the states, and slow states will continue. Nationally, things are moving at the lowest common denominator of the states' commitment and interest in this sort of thing. Victoria is one of the leading states, but nationally there are other states that are not going at that speed. I think the Commonwealth could certainly increase the average state speed in bike riding.

Senator LUDLAM—I would like to come back to the situation in Melbourne, unless there are some regional centres that you want to tell us about. We heard in Sydney that connectivity is a huge issue—there is no point having a bike path that just leaves you stranded halfway down a street. What is the state of an overall cycling plan for Melbourne, given the overlap of jurisdictions and local governments?

Mr Barber—The strategy I spoke of—the Victorian cycling strategy, I believe it is called—has been launched with a 10-kilometre, CBD based, commuter route as its centrepiece. It then envisages that these catchment-style bike routes will be built around central activity districts like Dandenong or regional centres like Bendigo. I come back to your point about there being no point having a bike route that only goes halfway. You have to do that because you cannot build a bike route in one go. We are delighted at bike routes that go halfway; we then work on the second half. Most provision for bike riding is retrofitting. It is difficult. It is complex. It is not that expensive, but there is a lot of planning and heritage and quite a few different road users. It requires quite a bit of negotiation and thought, and you just have to stick at it for a long time, know where you are going and get on with it.

Senator LUDLAM—That is great. Thank you very much for coming in.

CHAIR—You mentioned the Netherlands in your opening presentation.

Mr Barber—Yes.

CHAIR—I assume they have a lot of people ride to the train station, put their bike on the train—

Mr Barber—No.

CHAIR—Do they just leave them?

Mr Barber—In a cage or racks outside the railway station.

CHAIR—On the slide in your presentation was the example of Utrecht, where the integration was absolutely superb. Not only did it say what platform to go to and what time the train was leaving, there also was a clock next door. We saw that very well. They do it very well in the Netherlands. I would be interested in your thoughts on this, and I can only talk about Perth. In Perth there are bikes allowed on the trains because we recognise that there are a lot of people who ride a bike, catch a train then ride a bike. The only problem is that they are not allowed on the train in peak-hour times, which is ludicrous.

Mr Barber—Yes.

CHAIR—When I say it is ludicrous, I understand that trains have to make a dollar—I fully get that. Would you like to expand on that with some thoughts you may have?

Mr Barber—We are very lucky here to have a rule, which I do not know exists in any other jurisdiction around the world, that we can take our bikes on the train at any time. However, when you have a train system that is full of passengers, it is not always the best thing to bring bikes onto a peak hour train; hence the operator has a motive for banning peak hour travel by bikes. We think the answer is really that the people who need a bike at the other end keep a bike at the other end. For example, if you were to work at the Ford factory in Broadmeadows and you could catch the Upfield railway line up to Upfield station, you would still be some distance short of the factory but you could have a bike in a cage at Upfield. You would get off the train, swipe into your cage, grab your bike and ride it to and from the factory. That is a way for the operator to keep the linked bike trip. Bike-train-bike is a really smart trip to have, but it means the bike is not actually in the carriage.

CHAIR—Who would fund the bike at the other end? Are you suggesting the company or the government?

Mr Barber—This comes back to my point before—that bike riding is not happening because we are in the gap between a whole lot of standard patterns of thought and levels of government jurisdictions. Who pays and who has responsibility are very tricky. In Western Australia you were the leaders with having cages at the railway stations. On the back of that example we have been able to convince the government here to start putting in cages, but we have the complexity here of having a private rail operator. They are not always happy about this, whereas in Western Australia the decision making happens if someone at the top wants it. We have a whole lot of complexity with regard to how to do this throughout Australia. I guess it comes back to measurement—how many people are riding to the station and how many trips, how many heartbeats and how much carbon are we saving? We measure it and start to say to people, ‘Okay, we’re going to invest in this.’ You could have the health department do it, but I speak in optimism rather than today’s pragmatism.

CHAIR—I understand that. When I was in Canberra a couple of weeks ago I read an article in a Melbourne paper that said the Melbourne City Council wanted to talk about the system of bike hire in Paris and that there were some blues going on. Could you fill us in a bit more about the system that is proposed for Melbourne?

Mr Barber—Brisbane, Sydney and Melbourne are all basically heading towards the same system. We remain sceptical. We do not think the barrier is the bike; you can get a bike from the hard rubbish. The reason people are not riding is not because they do not have a bike. It is because they do not have somewhere to ride. As soon as you provide places to ride, people will get bikes. As the bicycle ecosystem develops, when it is comfortable for kids and cautious women to ride, as Senator Hutchins was talking about before, you may need hire bikes available that you can pick up for a small fee to get yourself, in Melbourne terms, down to St Kilda Road or something like that. We think that we are not quite there yet: that is a bit of an after-university thing and we are still at high school in the business of bikes. So we think it is very early to make this investment. They are quite expensive; all up, if you were to divide the number of bikes by the investment, they are going to be \$8,000 bikes sitting on the side of the road.

The Victorian government investment is going to be less than Brisbane's, but they are putting in \$5 million. For \$5 million we could produce five bike routes that were delivering 1,500 riders a day into the CBD, but this \$5 million investment is only going to put 600 bikes on the street. When you do the cost benefit on \$5 million for 600 bikes it might give you 2,000 trips if we say each bike does three trips a day, though that is very generous; \$5 million into bicycle infrastructure would give you many more trips than 2,000 a day.

CHAIR—To put it that way, it really is pie in the sky stuff, isn't it?

Mr Barber—There is nothing wrong with it. It works in Lyon. It works in Paris. It works in lots of places that are prepared to put the money in, but it is just a bit early for us. We are trying to run before we walk.

CHAIR—Sure. I have a final question before we wrap up, because we are running short of time. I was interested in your comment that the lockers do not work in Brisbane. My colleagues will correct me if I am wrong but I think the Brisbane City Council gave a glowing report of their King George Square Cycle Centre in Brissie where you can ride your pushbike, use shower facilities, lockers, hairdryers, get rid of your helmet—the whole lot. They referred to it in glowing terms and invited us to go and see it, but time was against us. Can you elaborate on your knowledge of that system?

Mr Barber—That is a central CBD multi-bike parking place with added services.

CHAIR—That is it.

Mr Barber—Again, I reckon they are a touch early on that, and they have spent quite a bit of money, but it will work. The harder it gets to park your car in Brisbane, the more people will use that. I am not talking about those. That station I showed you at Dreamworld at Coomera has 100 lockers. You cannot ride your bike to the station, but it has 100 filing cabinets. Each one costs probably \$2,000 to buy; then you have to install it. And this is for one person. These days, people are not commuting five days a week always to the same place, so that is a lot of investment for an occasional bike use.

We would say: 'Don't put individual filing cabinets on the platform. Put a cage, swipe people in and count the benefits. Know that you are getting your money back in the various ways that you can, and then you can make the cage bigger or put another one at another station where people are banging down the door to ride to.'

CHAIR—At \$2,000 a cabinet I can understand that. Thank you very much, Mr Barber, for your assistance to the committee today.

Mr Barber—It has been a pleasure.

[10.17 am]

BOWEN, Mr Daniel, President, Public Transport Users Association

MORTON, Dr Anthony Bruce (Tony), Secretary, Public Transport Users Association

CHAIR—Welcome. The PTUA has lodged a submission, which has been numbered 136, with the committee. Do you wish to make any amendments or alterations to your submission?

Mr Bowen—No, that is fine.

CHAIR—I invite you to make a brief opening statement before we go to questions.

Mr Bowen—Melbourne, in the same way as many cities around Australia, has an underdeveloped public transport network. It has evolved over time. It has trams, trains and buses very much focused on the central city. We have seen unprecedented usage of trains in particular in Melbourne, but we are seeing patronage growth on the other modes as well, and the same thing seems to be happening around other cities in Australia. In the meantime there has been billions and billions of dollars worth of investment in motorways right around Australia. Obviously, with the extra capacity on the motorways, we have seen more and more cars, more and more people, using those motorways. The result is that there are overcrowded trains, trams and buses and also overcrowded motorways.

We are in a situation where we have to look seriously at where our future transport investment is going to go: whether future money should go into motorways, with the full knowledge that those new motorways will fill up with cars, will increase emissions and will inevitably result in further traffic congestion, or whether we should further fund sustainable transport options, cycling as well as public transport and walking. Where we do fund public transport networks, it is also critical that they are well-designed, well-run networks. In particular, the coordination of modes is critical. The governance has to be set up so that, even if you have private operators running trams, trains and buses—which we do in Melbourne—there is a body coordinating the services so that the tram connects properly with the train, which connects properly with the bus.

You ultimately need an entire network of fast, frequent services right across a city. You cannot just have isolated frequent services, which is basically what we have in Melbourne. As I said, we have a train system very much focused on the central city, but if you do not live in a suburb close to the train network you may have only an hourly or half-hourly bus to get to the station. That is not a viable alternative for most people who are considering whether or not they should get in their car and drive somewhere. That is probably the key.

Dr Morton—I note you will be getting a presentation today from the University of Melbourne Centre for the Governance and Management of Urban Transport. They have also made a submission to the inquiry. We fully endorse that submission and its recommendations.

Mr Bowen—There is clearly a role for the Commonwealth in terms of funding better public transport networks and also looking at tax reform so that, for instance, the FBT incentives now

to drive your car are removed. That is costing billions of dollars a year, so it would fully make sense to reform it.

CHAIR—Thank you, Mr Bowen and Dr Morton.

Senator LUDLAM—Thanks very much for coming in this morning and for your detailed submission. The witness immediately before you talked in passing about the fact that the rail networks here have been privatised. What has that done to provision of public transport in Victoria?

Mr Bowen—To a certain extent, it has limited the amount of central planning that has been done on the network in the last 10 years or so. Connex run the trains and Yarra Trams run the trams, and they are private operators. They operate services day to day, but ultimately they are responsible to their shareholders. They are not responsible, for instance, for setting up better connections with what they might see as competing public transport modes, and that diminishes the network as a whole. For instance, if Connex, the train operator, change their train timetable, they are under no obligation to notify local bus companies to amend their timetables so that the timetables are coordinated. That sort of role has been missing in the past, and the Victorian government have been reluctant to take it up. They may be starting to move on it now, but you very much have a fragmented system. If you walk down to the end of your street and catch a bus, which may only be half-hourly, there is no expectation that it will actually coordinate with the train at the local station, and you may have a long wait ahead of you. That obviously diminishes the competitiveness of public transport versus driving your car.

Senator LUDLAM—So we have parts of the network competing with other parts rather than coordinating.

Mr Bowen—Yes, in some cases. For instance, several years ago Yarra Trams were directly targeting train passengers for a park-and-ride scheme by handing out leaflets outside railway stations. Public transport modes should be working together in competing with car travel, not trying to siphon off their own passengers.

Senator LUDLAM—That does sound a little bit strange. You mention on page 10 of your submission that it would help if there were better measures to give public transport priority in traffic. Some would argue that borrowing space from the road network for public transport is merely increasing congestion. How do you know that the net effect of that would be beneficial overall?

Mr Bowen—You have limited road space, particularly in the inner suburbs, and obviously you cannot wipe out whole suburbs to build motorways. So what you do with that limited road space is really critical. If you have cars, which VicRoads figures show carry an average of about 1.1 persons per vehicle, competing for road space against buses, which may be carrying 20, 30, 40 or 50 people—and trams may, in some cases, be carrying up to 200 people—you really have to look at how you use that road space efficiently. Prioritising trams and buses is a better way of moving people than prioritising vehicles. Ultimately, the faster the public transport vehicles are, the more attractive they are to possible patrons, and that ultimately gets cars off the road.

Senator LUDLAM—In terms of new subdivisions and new developments going in in Melbourne, what is the degree of unchecked suburban sprawl? Are we densifying areas and corridors in Melbourne and trying to get people back into the city?

Mr Bowen—There has been some resistance to urban gentrification and increasing density in some of the established suburbs. But we need to remember that Melbourne is not a low-density city; it is much denser than, for instance, cities in North America. Even in the outer areas our suburbs seem to be dense enough to generate a lot of car traffic congestion. Meanwhile, the public transport modes are very underdeveloped. There are many new developments opening up even in the outer suburbs that have what most people might describe as medium-density housing but the public transport networks are underdeveloped and all they may get is a half-hourly or hourly bus service. So when families move in to a lot of those suburbs, look at their transport options and see that the bus is infrequent, stops at 6 pm on weekdays and does not run after lunchtime on a Saturday or anywhere on a Sunday, they think, 'We had better buy a car for everybody,' and they park their two, three or four cars in the garage and off they go. But the impact is felt down the track because as petrol prices rise—they have dipped recently, but as they rise again—those families really feel the impact of having to drive everywhere.

Senator LUDLAM—Thank you.

CHAIR—I want to talk more about the non-integration you have here in Victoria. Coming from outside Victoria I only see the CBD and close surrounds. Let me tell you, I am envious of the tram system you have here—I think it is absolutely brilliant. I also know you can walk down to Spencer Street and jump on a train every half hour and end up at Geelong South on a Saturday without any drama, as long as you get the last one back at 8.30 or you are walking!

Mr Bowen—I think it is hourly on Saturdays, but I take your point.

CHAIR—Okay. But obviously it is not good, in fact it is very poor, once you get out of the CBD or the inner city. How far out are we talking about when you have to wait 30 to 60 minutes for a bus to get you to a train station?

Dr Morton—You do not have to get very far, actually. You just have to get about as far as Carlton or Fitzroy, which are about two kilometres to the north. If you are going in a north-south direction, along the CBD axis, then you have a tram every four minutes, and that is no problem. If you are going east-west—for example, going from Carlton to Collingwood along Johnston Street—then, depending on the time of day, you could be waiting for between 20 minutes and an hour for a bus. It is like that through most of Melbourne. We have a very enviable tram system, which generally runs quite frequently, but that tram system is radially oriented. There are specific routes that have trams. They basically form half a network. The other half of the network are the routes that cross the tram routes which are run by buses, and generally what you find is that the most frequent of those buses is less frequent than the least frequent of the trams. That is purely an historical accident, but because of that—

CHAIR—That sounds like a Rumsfeld speech!

Dr Morton—What it means is that as soon as you find yourself, even in the inner city, trying to get somewhere in a direction that is not directly serviced by a tram route you will be waiting

two to three times as long as you would be for a tram. So, for a lot of that travel, some people who have bikes and like riding them will do it by bike but the others do it by car, even in the inner suburbs. And, of course, as soon as you get to the outer suburbs, beyond where there are trams, then it is infrequent buses all over. Unless you live within walking distance of a railway station, there is virtually no journey that you can do quicker by public transport than by car, and even more cheaply in some cases. Public transport is simply uncompetitive for most trips in the outer suburbs and for quite a high proportion of trips even in the inner suburbs.

CHAIR—Would it be fair to say that the tram system is centralised on the CBD, getting in and out of the CBD?

Dr Morton—It is. That is the way our public transport system has developed, and it developed that way for a good reason—because we have a very strong CBD and a strong inner core of suburbs. If you look at the employment patterns in Melbourne in particular there is quite a focus on not just the CBD but the suburbs within five to 10 kilometres of the CBD. They are quite a focus for employment and there are quite good public transport links there through the tram system.

Mr Bowen—We are actually in a situation where the bulk of people coming into the CBD come by public transport—it is something like three-quarters—and the minority drive. But less than a fifth of the population of Melbourne come into the CBD on a daily basis, and for all the trips that the rest of the people are making, driving dominates. That is the real source of traffic congestion. The lack of cross-town networks, particularly bus services, is where the system lets people down. A real upgrade of bus services right across Melbourne to provide every suburb with frequent public transport is what is needed.

CHAIR—I know where Carlton and Collingwood are, and it is not far to walk from where we are, Collins Street, to Carlton or Collingwood. What demand would there be for transport between Carlton and Collingwood, bar trading insults on a Saturday afternoon twice a year between two and five o'clock?

Dr Morton—In terms of the transport patterns in the inner city, again, they are quite dense and quite diverse. In the suburbs that are within five kilometres of the CBD, there are obviously a lot of employment locations and a lot of residences. There would be nearly as much east-west travel as north-south travel.

CHAIR—Shopping centres and social travel.

Dr Morton—There is certainly a lot of shopping and social travel that occurs between suburbs. If you are fortunate enough that it is along a tram route then it is quite easy by public transport. Otherwise, you might as well be living 40 kilometres from the CBD as far as public transport is concerned.

CHAIR—There is a requirement there for more frequent public transport services, so why aren't there more frequent services?

Dr Morton—That is a very good question.

Mr Bowen—The view of state governments of both flavours in the past couple of decades has been very much that public transport works well for the CBD and that is where they have to invest but that, for other trips, it is never going to work, and I think the investment is reflected in that. The *Victorian transport plan* talks about 38 new trains to substantially increase the size of the train fleet, and that is the result of peak hour CBD train congestion and crowding. But there is virtually no investment in terms of suburban trams and buses. The focus has been very much on getting people into the CBD, and it has worked. People have followed the investment. As I said before, the bulk of people coming into the CBD come by public transport. But elsewhere, for other trips, the road system has had a lot of investment and is very well developed, and the bulk of travel for those trips goes onto the roads.

CHAIR—I find it absolutely amazing—in fact, I find it gobsmacking—that you can exit the MCG with 100,000 people and within an hour it is a ghost town. We have been singing your praises around the country saying, ‘Isn’t Melbourne public transport superb?’ You can clear out the Rod Laver Arena in half an hour, you can clear out Etihad Stadium in an hour—everyone is gone—yet you cannot get a damn bus from Collingwood to Carlton within half an hour.

Mr Bowen—That is right. The money has been put into public transport to make it work extremely well for special events—big sporting events, concerts and all those sorts of things that Melbourne does really well. To give an example, I went to a concert after the grand prix last night at Albert Park. That was a huge crowd.

CHAIR—How were The Who?

Mr Bowen—I do like The Who. I am not so keen on the racing cars but I like the music, so I went for that. The crowd all, after the concert, swarmed out of Albert Park. They were cleared very quickly out from the tram stops surrounding Albert Park. A tram, again, can carry up to 200 people. That moves crowds not quite as well as heavy rail but certainly very quickly. You can just imagine the nightmare if they allowed parking there—the space it would take up and the time it would take to get those people out. Those special tram services moved people away from Albert Park very quickly, but they quickly broke down, so to speak, a few kilometres out. The special services provided were really good, but for people going a bit beyond where the special services go—out to the suburbs, and in my own case I was heading back out to Malvern to catch a train home—there were no special services at all. The big crowds were certainly taken away from Albert Park but they did not get all the way home, and they had long waits ahead of them, in some cases, to get all the way home. Melbourne public transport does clear crowds very well but, again, the lack of a complete cohesive network running at all times of day means that it does fail in some cases.

CHAIR—This might be a bit of a hard question: do you think there would be a great percentage of people who use public transport, live in Carlton, say, and do not have the luxury of owning a motor vehicle who, when they want to visit someone in Collingwood, would come into the city and then go out?

Mr Bowen—People do that, unquestionably. There are figures for motor car ownership for the inner suburbs which show that people do live in the inner suburbs with the intent of perhaps not owning no car but maybe only one car in the household among two or three adults—that sort of

thing. People do come into the city and then go out again, adding to the crowding on those city routes because there is no effective cross-town network.

CHAIR—I have a final question. Would the road systems in these inner suburbs—I will call them inner suburbs; they are not out in the scrub, are they—be able to take a great increase in buses?

Mr Bowen—I think, in most cases, yes. As I said to Senator Ludlam before, if you have 50 cars on the road and you can get some of those 50 people who are driving those 50 cars onto one bus, you are cutting congestion. Even if it seems to the remaining people in cars that there is a dirty great bus in front of them on the road, you have cut congestion, because you have fewer vehicles overall on the road. In many cases our roads are wide enough that they could install dedicated bus lanes. Streets such as Hoddle Street in the inner north-east are four lanes each way, and you could easily dedicate 24-hour bus lanes each way and get buses moving quicker through the traffic.

CHAIR—I lied; I have one more question. Who is the brains trust behind all this?

Mr Bowen—Ultimately the Victorian state government has neglected things, but the federal government obviously has invested a lot in motorways over the last 10 or 20 years. I think we have had an imbalance of investment in roads versus public transport. If we are trying to prioritise clean, efficient transport, we should not be pouring billions of dollars into roads.

Dr Morton—I add that we have an imbalance in planning activity between the way we plan the road system and the way we plan public transport. In Victoria we find the road system is planned very competently, very efficiently, its projects delivered on-time and on-budget on the whole. It is done by a lot of very professional people in a very competent planning agency. We just wish that some of that kind of professionalism could be seen on the public transport side. At the moment it is missing. With the way we have privatised public transport, we have this system where no one really knows who is doing what as far as the things that matter to the passenger are concerned—things like coordinating services, as we have said. I think John Stone from GAMUT, if he comes in later, can enlarge on that point.

CHAIR—There is no drama with privatising it, as long as there is a central body that is organising it.

Dr Morton—We find on the whole, if we look at examples of world's best practice in designing, planning and operating public transport networks, that there are some that are publicly owned, some that are privately owned and some that have a mixture of public and private operators; but, by and large, the ones that are successful have a competent public agency. It is not a government bureaucracy. It is something like VicRoads. It is a statutory corporation, generally with a relatively small headcount, but those people are it as far as the responsibility for planning the public transport network in the interests of the passenger and the travelling public is concerned.

CHAIR—They are making it integrate. They are not in competition with each other; they supplement each other.

Dr Morton—That is right. The operators there are just contracting to this agency and delivering the services that the agency reckons are the appropriate ones to provide.

CHAIR—There is some good news: you do not have to leave Australia's shores to see that happening.

Dr Morton—That is right. You have a very good one in Perth.

Senator BACK—I compliment you on the quality of this presentation, particularly the bibliography of references. I do not know who did it but it is very thorough. That leads me to the question: can you give us a little bit more of an indication of who your organisation is, how you are funded and who makes you up?

Mr Bowen—The Public Transport Users Association was established in 1976, basically by disgruntled train passengers. We have been running a bit over 30 years now. We have a membership count of about 1,000, mostly people who support better public transport in Melbourne and elsewhere in Victoria. They are not just disgruntled passengers but anyone with an interest in a more effective public transport network. We are funded only by our members and we try to keep public transport issues alive via the media and via other avenues such as this inquiry.

Senator BACK—Thank you. I asked that because in inquiries of this nature it is always those who provide the services who come before a committee of this type. You spend a lot of time wondering what the end user actually thinks of it all, and you do represent that end user.

Mr Bowen—That is certainly the role we are trying to promote. We are not advocating that people go and catch public transport where the service is poor, and we are all about representing passengers and their interests rather than the interests of government, operators or anyone else.

Dr Morton—And we obviously represent the passengers in the system at the moment, but we also represent the people who would like to use public transport but find that they do not have a transport service that meets their needs.

Senator BACK—That leads me to a question, and you actually led into this a few minutes ago when you spoke glowingly about the road transport organisation and the fact that that does not seem to be reflected in public transport. I am still struggling with the question of why these are Commonwealth matters. In fact, to go further with your point, if there were the excellence in public transport administration that you say exists in road transport then we perhaps would not be having this discussion. Why is there a role for the Commonwealth when these are clearly state and, in some instances, local government matters? Then, if there is a role for the Commonwealth, how best and where best to actually direct those resources?

Mr Bowen—One of the points we make in our submission is that, while Commonwealth funding of public transport upgrades would be very welcome, if the Commonwealth recognises that along with infrastructure the requirement of management is there, then perhaps it should be conditional that, say, the funding of a new railway be tied to better management and coordination of that railway with connecting services or across the broader public transport network. Reform is needed and it may be a lever to achieve that.

Senator BACK—Where would you see a role for a group such as yours in this process? If this committee were to make recommendations as to how the Commonwealth might change its funding in line with what you are saying—in other words, not based on some historic figure or geography or population but performance based—what role could a group like yours have as the end users?

Dr Morton—The idea behind some of the agencies in other jurisdictions is that part of their governance structure includes a board structure which has a fairly broad representation that has representatives of all levels of government. So in this case, it would have state and local government representation. It also has some form of typical user representation. It may have one or two community representatives. We have a very similar thing with the VicRoads advisory board here in Victoria. The road organisation here does have an advisory board but it does include community representatives. We like to consider ourselves a source of information and of user perspectives on transport, and we would hope that in that information role we could feed things in there and also advocate on behalf of communities—not just PTUA the organisation but also the broader public transport user community, which we think needs a greater role and participation in some form in directing the way public transport is planned and managed.

Senator LUDLAM—Thank you very much for your presentation. My last question relates to table 5.1 on page 28 of your submission. Can you help us and the secretary of the committee with references for that—not necessarily right now. There is some pretty eye-opening information in it on the costs of getting it wrong, the costs of road trauma and the costs of car dependence. Are you able to help us source the referencing for those figures?

Dr Morton—That is the road deficit table. That table is reproduced from a page on our website, as it happens. That particular web page does cite sources for the statistics produced. They come from a variety of sources. The ITRE transport statistics are a big part of the statistics we used. There are Australian taxation statistics. There is some previous work that has been done by the Bus Industry Confederation that, I think, has provided some input. Philip Laird, I think, has provided some input into this process. I believe he has made a submission to this inquiry as well.

Senator LUDLAM—So we will just check the website and track those down.

CHAIR—We actually have Professor Stanley, who did the VCI submission, coming this afternoon, so that might help there, Senator Ludlam. Sorry, Mr Bowen, I cut you off then.

Mr Bowen—We can certainly help with further information about those figures, yes.

CHAIR—Mr Bowen and Mr Morton, thank you very much for your insight. The committee does appreciate your assistance today.

Proceedings suspended from 10.45 am to 11.02 am

CURRIE, Professor Graham, Private capacity

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Prof. Currie—I am the chair of public transport at the Institute of Transport Studies, Monash University.

CHAIR—You have lodged submission 34 with the committee. Do you wish to make any amendments or alterations to that submission?

Prof. Currie—No.

CHAIR—I invite you to make an opening statement.

Prof. Currie—The committee will not have any problem in identifying issues about public transport in Australia, but it would well directed if it were to focus on the fact that most of the issues arise because we do not have very much of it. Most of our cities do not have any reasonable form of public transport. By that I mean that most of the residents of our cities do not have any real access to any quality services; hence most people do not use it. The services are very uncoordinated and disjointed because of the lack of service. As a result people do not like public transport very much, but I think that is fundamentally because there is not much of it. That is a problem, because there are significant benefits to the nation in having good public transport services, and my submission details these.

I would like to highlight a significant gap between the federal approach to these issues in Australia versus all of the OECD nations. The federal approach has been to leave public transport to the states, but I think there are some major structural reasons why the federal government should be involved. You can look at all the OECD nations and see that they are significantly involved in ensuring the quality of investment and, in fact, the quality of management and knowledge. I believe Australia has a significant knowledge management problem in urban public transport because state governments manage services. They are very sensitive about information and do not share it very well. Planning studies, which are usually undertaken by consultants with confidentiality deeds, are very rarely shared. As a result, we get very localised coverage of the issues and we get research duplication. So we are actually spending more money for less sharing of knowledge and we limit the benefits that any research that is undertaken can provide.

Because state governments are funding it, we have extremely reactive planning approaches. In fact, I would not call it planning; I would call it reaction. That means that new industry professionals have extremely an large learning curve to go through. Indeed, one of the features of how we have managed our public transport systems is that we have corporatised and privatised them and had a huge turnover of staff, so we have to continuously train staff, yet we do not have very good training systems. There are real knowledge retention risks when we get rid of staff and have a very high staff turnover and, in the end, we have a barrier to industry potential. Another remarkable feature of this problem is that we yet again stand out in the world

as the only country that has got this. In the United States there is a very well-organised federal program run to the Transportation Research Board to coordinate knowledge and share it evenly. Because George Bush put an awful lot of funding into urban public transport in the United States, it comes with lots of ties that ensure quality and sharing of knowledge. I can go to a computer now and download all the accounts for all of the United States transit agencies, whereas I find it very hard to find out what is happening in Australia. This is true of Europe. It is a real problem, and it is something that the federal government may be able to help with.

In relation to best practices, there are so many things I could talk to you about best practices but I would start and finish by saying that we need to be expanding our public transport systems to be able to provide some. I think those expansions should be based on the benefits and costs of doing so, so that we might have an open and defensible case about where we should spend our money. I thought I would keep this presentation short, as I have given you a detailed submission and you want me to answer questions, so that is it.

CHAIR—Thank you.

Senator BACK—I read your submission with great interest, Professor. What is the reaction of state planning authorities to you and your views? You have obviously expressed them and you have no doubt been called upon. Have you been listened to; if not, why not? If you have been listened to, where have you been listened to?

Prof. Currie—That is a really good question. I have certainly said these views many times and I think there is a general agreement. The question is: what can they do about it? All states find it difficult to fund transit. On the knowledge management issue, one of the interesting points is that all the road authorities are very well organised and do not have these sorts of problems. Indeed, the federal government helps the road authorities through funding through Austroads, yet this does not happen in public transport. So the road sector is very well organised; the public transport system is extremely badly organised. I think most of the authorities in public transport would agree with that. Of course, each of these different authorities are going to find it a real problem to actually do anything about it. What we need is some leadership at the federal level to tie this together for national reasons and for national benefits.

Senator BACK—You make a very interesting point, and it is a remarkable figure: \$58 billion versus \$1.8 billion over time. Is it because the road-using industry have been very good lobbyists in the past or is it because we grew up with a love of the motor car? Has the community yet turned its mind to wanting governments to spend more on public transport and less on private road transport for their convenience?

Prof. Currie—I think the community has. All of the evidence I have seen from community services, a lot of them actually run by NRMA and RACV—the road authorities—shows great support for public transport, but the decision makers seem to lag behind this community support. Indeed, what is remarkable in Australia at the moment is the huge growth in ridership that we are seeing in places like Melbourne, despite what are really very poor quality services. It is a demonstration that people are willing to use it, despite the fact that it is quite hard for them to do so.

Senator BACK—You make the point that there really is a strong role for the Commonwealth government. In the past it has clearly been a state government function. Certainly my state minister for transport made it very clear to me in a discussion I had informally the other day that his view, and probably it reflects the views of the other state transport ministers, is that the Commonwealth should continue to pass over whatever funds it has available and let the states handle it. Your argument, I think, is not just for a one-off injection of funds by the Commonwealth but an ongoing commitment. If there is that commitment, how does the Commonwealth satisfy itself and its constituents, being the taxpayers, that the money is being well spent? What sorts of governance processes can we put into place?

Prof. Currie—There are plenty of models of this, given that all the OECD nations do it. So it would not be too hard to find governance methods. I think you should do it an open, clear and defensible way. I do think the commitment should be permanent. It does not necessarily have to cost you more money, interestingly enough. Your GST dollars end up in the states somewhere, but it is not necessarily clear on how they are spent. If you were to tie performance of the authorities to that money, you would find them being more open about giving out information. This is what happens in the United States through the Federal Transit Administration. They give out money every year, but if you want that money you have to fulfil certain obligations and have certain policies, which the federal government could state. It is sort of a way of keeping them honest. I am sure the state authorities and the state governments quite like the existing situation, but I think there are significant national concerns which could be protected through the federal government organising its funding in this way.

Senator BACK—I was distressed, when I read this report, by your comment on how many reports are commissioned by various groups, be they state, local or whatever, that simply never get released and therefore do not see the light of day and do not have the opportunity to be picked up and benchmarked, for example. Is this peculiarly Australian, and how do we reverse that? If public funds are going to be used to commission reports, how do we ensure that the public at large gets the benefit of the outcomes?

Prof. Currie—Is it particularly Australian? More so here than anywhere I have ever seen, largely because there is no requirement for them not to be. Administrations are naturally conservative, so they tend to avoid doing anything unless they have to. How do we solve that problem? Why don't you tie all the funding you currently provide to them making it open? That way they would have to do so. There will be some commercial concerns, but I am sure the bow goes far further than it should. I think everything that is produced for government should be on a website so everyone can look at it. To give you some indication, in Melbourne this is at least a billion dollar a year amount of subsidy. In fact, it is a lot more than that, I am sure. So it is \$1,000 plus per household that goes into subsidising these things. Do not get me wrong—the benefits are certainly there, but I think there is a great public interest in sharing all of this knowledge. As a consultant, I have many times done the same study in different states. We have very good consultants and experts in this country, but they are all hidden. I would rather have that expertise open, working on new projects and developing new knowledge than have it hidden and not used efficiently.

Senator BACK—Being on this committee you get advice in one particular city in Australia; then you sit there thinking to yourself, 'Does that not have application elsewhere?' If our

committee—however inexperienced and unable to allocate time to these sorts of activities—can see that, people like you must be very frustrated by that process.

Prof. Currie—Yes, but my aim in life is to increase knowledge and learning not just in an academic sense but even for Joe Public, and I do not think we are going to get very far until that is the case. I do not think Joe Public understands the problems that we are facing now. These are not small issues. They are actually fundamental to our future.

Senator BACK—Thank you.

Senator HUTCHINS—Do you think referring to passenger transport as ‘public transport’ is a problem?

Prof. Currie—There are many definitional problems in the field and they do not help to make it clear; but, to be frank, in the massive range of issues and problems in the field, I do not think it is a massively big problem. I do worry that, particularly at a federal level, urban transport is either road funding or something to do with freight. In national conferences around the nation there is far too much that talks about those two issues and leaves out urban public transport. Given the scale of the issues involved and the nature of the solutions that public transport can give, I think it deserves to have its own field.

Senator HUTCHINS—We had the Bus Industry Confederation of Australia, who have called for a federal minister for public transport. It seems that here in Melbourne you have a great degree of private investment in urban passenger services. We get people here like the Public Transport Users Association this morning. I am pretty sure they know what they are talking about, but other people in the rest of the country would probably think that they are an advocate for publicly owned trams, ferries, buses and trains.

Prof. Currie—My view about the issue of public or private is that it is a little bit of a distraction. Do not get me wrong—I am sure we do have to manage these resources well, given the scale of them. But for years we have had corporatisation reviews and privatisations. I have seen good public sector operators and bad public sector operators; I have seen good private operators and bad ones. In the end, what is good and bad about the public transport systems they operate is fundamentally about the investment that goes into it. In your statement before, you said there is private investment in public transport here. That is only because there is public investment. In the end, although we have private bus operators here and we have a franchisee, they are all here because they are being paid large subsidies by government to run the services. In general, virtually none of them would operate unless there was government subsidy. Our cost recovery from fare box here is something like 20 per cent because our city is of such incredibly low density. There are a lot of furrphies about this. For example, in Sydney the STA believes it is a cost recovery operation. This is not the case; there are many subsidies that have been hidden in concession fare schemes and so forth for various political reasons.

Senator HUTCHINS—That brings me to my next question. We have had the view of Mr Paul Mees that the main problem for the public transport of Melbourne is poor management rather than lack of investment. What is your reading of that statement? Do you agree with him?

Prof. Currie—I think there is always room for improvement but I do not think it is fundamentally the biggest problem. Two-thirds of this city is covered by buses. Even though we have the largest tram system in the world and a very large railway, two-thirds of residents do not live anywhere near trams and trains, and the average bus, at the time that I measured it, was every 40 minutes. Buses then ran from about 7 am to 7 o'clock at night. On Sundays only 20 per cent of them ran. I put it to you that that is not public transport—there is none. You could nationalise that if you wish. It might end up costing you a little bit more; there is an argument that private sector contestability and contracts can save money. You could nationalise that, and you might even be able to run it a little bit better than it is run now—or not; I do not really know. But I put it to you that, if there is none, it does not matter whether it is privatised, nationalised or whatever; it just cannot be very good because it is so basically not there.

Senator HUTCHINS—It would appear, as you just said then, that a number of the people would not have access to the trains or trams. Buses are probably a common use of transport that they might have access to. Is there an argument for, as I asked a previous witness, having within five kilometres of the CBD—a radius in which we have a lot of affluent people but there are undoubtedly pockets that are less affluent—some sort of differential charge for that zone because people there can get to work in 10 minutes on a tram or a train? They do not have to think about having to get to the station and having an hour's ride into the CBD if that is where they work. Rather than having a distance rate, where if you travel 40 kilometres you pay more than if you travel five, you can identify these social services in that radius and have the people there pay more to cover the cost of the person who travels 40 kilometres. Does something like that apply to any countries in the world?

Prof. Currie—You are now referring to the rationale for your fare-and-ticketing system. The most common ticketing system in the world is flat fare. However, that is a real problem in gigantic cities like Australian cities because it means someone travelling a very long distance would be paying the same fare as someone just running up and down Collins Street. But you have raised the issue of inequality in fare payments, and almost certainly most Australian cities would have what is called a regressive subsidy system—in other words, the subsidies that go into public transport systems are mostly received by richer people. I think that on an equity basis there would be a case to consider higher fares for those people; however, at the same time, providing public transport and having them use it rather than the car is a very attractive alternative in centre cities, which are highly congested. I do not know if you are aware, but Australian congestion is world leading. As a share of our GDP, the congestion costs in Australia are much higher than the United States and, in fact, higher than the OECD. All fare systems and the design of public transport systems are compromised between the many objectives we have. I am sympathetic to the idea that higher-income users should pay more, but there are wider objectives for designing these things and I think they might be more important than the equity issue in that case.

Senator HUTCHINS—In Sydney, with what you can pay for a parking spot in the CBD you could almost buy a block of land on the outskirts. That is not the case here in Melbourne, where there seem to be fairly reasonable, if not low, car park fees here.

Prof. Currie—Melbourne's CBD has been a huge success story in sustainable transport. Although we had massive growth in car parking in the CBD, it is not well used now because in our CBD the public transport mode share has been rocketing. At the same time, we have had

about a 40 per cent growth in employment in the last five or 10 years. In the end, because car travel to the CBD has been going down, there has been a bit of a glut in parking here.

Senator LUDLAM—Thank you for coming in. A lot of people have pointed out to us the asymmetry between Commonwealth funding for roads and funding for rail. Has anybody bothered to put together state and local expenditure for road and for public transport over any period of time?

Prof. Currie—What you are referring to here is one of the many examples where we do not have knowledge about what happens with our money. I have not seen that. I have quoted some data I have been trying to find in my research, but that data is old. What we need is someone to go through the data in a credible way to give us an answer to that question. The answer is no.

Senator LUDLAM—When we try to do that—and perhaps that is something this committee might attempt to do—how much are we going to find is blacked out, commercial-in-confidence and so on?

Prof. Currie—There will be that problem. The state administrations are mightily sensitive about issues. I do not think it is very fair that that is the case. I am not convinced that commercial-in-confidence reasons are a reasonable rationale in every case.

Senator LUDLAM—You are suggesting, though, that it actually is going to be quite tricky to put together a picture of state funding over the period of time for which we do have accurate information for Commonwealth funding?

Prof. Currie—I know it is going to be.

Senator LUDLAM—Great. Professor Newman, when we spoke to him this time last week in Perth, talked about agglomeration economics and the benefits of packing things in tightly. Can you give us your thoughts on that?

Prof. Currie—I will be very simple about this—I could start quoting lots of economics for you if you like. Why do people pay such massive rents to be in these tower blocks? Why would they do it if they are not getting a really good benefit out of it? Agglomeration economies say that people are in these tower blocks because it is good for them and businesses like it. One of the most amazing features even in Australia where we are highly car dependent is, wherever we have high density, railways and public transport dominate access to the city. What agglomeration economies are saying is that there are significant economic benefits to the nation of having CBDs. Some recent research, which I quoted, shows that something like 78 per cent of the growth in the last five to 10 years in Australia has been in the service sector in CBDs, and of course they are in cities where we have high density. Where does transport tie in? One railway tunnel can be the equivalent of many, many freeways. It is just ludicrous to think that city centres like this could be realistically serviced by freeways. The car parking would take up so much room and it would be such an ugly thing. What I am saying is that there are significant economic benefits from businesses being able to locate together—agglomeration—which are not commonly included in the economic evaluation of projects such as railways. They are included in Germany and the Netherlands, but they are not in Australia even though it is quite clear there are significant benefits.

Senator LUDLAM—If we incorporated those benefits in our modelling, would that help make the case, for example, for creating middle-ring or outer suburban centres?

Prof. Currie—It does not just work with CBDs; however I think we are focused on CBDs at the moment. I think that multinodal development makes sense and agglomeration economies can work in smaller CBDs as well as the main ones. In Sydney, if you look at North Sydney, Chatswood and so forth you can see that this is occurring. Will it improve the case for investment? Absolutely. The best example I have seen is the Crossrail project in London, which was largely justified on the basis of the agglomeration economies through work from a researcher called Rod Eddington.

CHAIR—We know of him.

Senator LUDLAM—A familiar name. You say in your submission on page 10 that there should be priority for public transport using the road network. I asked the previous witness this as well: what is the cost of slowing down the traffic, or are we borrowing part of the road network for public transport?

Prof. Currie—You can be a rationalist economist with this argument. Each tram in this city is way over a kilometres worth, equivalent, of traffic. Traffic is killing our cities at the moment. It really is growing at an enormous rate. All the state governments tell us they are managing congestion. No, they are not. They are doing the best they can with a problem that is not going away. We have had investment in urban roads and they are just generating more and more traffic and creating the need for more investment. Public transport priority is just common sense. One train is 1,000-plus people, and 1,000-plus people on a road is several kilometres of traffic. Not giving priority does not make any sense, so it is just a logical thing to do. Are we doing it and should we slow traffic down? Absolutely, because it makes common sense to give the space to the most efficient mode. I have an excellent photograph in one of my research papers of Hoddle Street, which is entirely covered in traffic, right into the distance. There are three buses at the side of this picture and there are more people on those three buses than in the entire traffic stream. This is just a no-brainer to me. Any sensible city that wants to be economically efficient should be doing these sorts of things.

Senator LUDLAM—Great answer. Thanks.

Senator HUTCHINS—Do you have a view about whether urban passenger transport should be free?

Prof. Currie—Yes. The economics of this are quite clear. In Melbourne we get maybe \$300 million or \$400 million from fares at the moment, so we will have to pay that money or effectively have subsidies of that nature. We will probably get a 20 to 30 per cent growth in patronage—fare elasticity is extremely well-documented, for centuries virtually. So it is going to cost us \$300 million to \$400 million to get a 20 to 30 per cent growth in patronage. Now, do we really need patronage growth at the moment!

There is another problem. My central thesis in my submission is that we do not have public transport, so most of the people in this city will have a free public transport system when they do not actually have any—so it does not really matter. I asked that question at a conference of

disadvantaged people—I do a lot of work in transport disadvantage. Disadvantaged people living on the fringe of cities have very little public transport but they are very sensitive to fares because they do not have much income. I asked them to vote on whether they would like to have free public transport or to have more investment in public transport. There was about a 98 to 99 per cent vote for more investment because, from their point of view, there was not a lot of point in having it free because if they do not have any they cannot use it anyway.

Senator HUTCHINS—I am from Sydney. We have had evidence before us in our inquiry and there is definitely anecdotal evidence that there has been congestion around the railway stations in the outer suburbs because buses trying to get in to the station are competing with more cars trying to find parking because people did not to pay \$1.40 or so a litre for petrol. And because there was more patronage the trains were delayed because more people were getting on and off. The schedules are for the trains to take two or three minutes at stations but, with more people, it was taking five minutes, and that accumulated, impacting particularly on the outer suburbs. Do you have any magic wand?

Prof. Currie—There is no magic wand—

Senator HUTCHINS—There is also the size of the stations: built for eight carriages not 15 or something like that.

Prof. Currie—The reason we have these problems is because we do not have much public transport, so as soon as people start to use it we have all these issues emerging. We have chronically underinvested for decades. One problem I have not raised yet is the issue of park-and-ride. We have a park-and-ride rail system in Australia in our urban areas. Something like 40 per cent of all railway journeys in the morning are people going from home to work who come by car based access. Why is that? Why are we world leaders in park-and-ride? It is because there is not much walk-on catchment for many of our stations and because the bus access is so poor. We are highly reliant on park-and-ride and kiss-and-ride—kiss-and-ride is where you get dropped off.

I put it to you that this is not an efficient use of land. I think a lot of you are from Western Australia, where I have been involved in designing the northern suburbs railway. There are massive parking lots. I was worried when we were designing them whether people would use them, but of course they do, in swathes, because they have no alternative. This is inefficient because it is prime land next to railway stations. A real benefit might be to sell the land, put high-density development there, get more trips out of it as a result and also make some money. That would be a very hard policy to put in place, but that is another example of the types of problems we have. You mentioned the conflict of buses and cars. That is well documented in all of the overseas literature that details what best practices. We do not actually have any in Australia, of course, because we do not have any knowledge management.

Senator HUTCHINS—Inevitably it leads to overcrowding on the trains, the frustration of trying to get on the train in the first place and then the delays. If the price of fuel drops, people will get back in their cars, having had a very bad experience in trying to catch a train and get to work on time.

Prof. Currie—Our infrastructure is not built for the large volumes we are getting. The carriages are not designed for mass entry or exit. We have double-deck trains in Sydney which are hard to load and unload unless you manage them very carefully. These are fundamental structural problems.

CHAIR—I think one thing that is becoming very clear as we are travelling around the country, Professor Currie, is that there no one size that fits all. Every city is completely different and has its own intricacies that do not match other systems in other states. I would be interested in your view on this. We heard in Brisbane and Perth that so much of the traffic movements in or through the city were people crossing the city to get to work on the other side. Perth and Brisbane matched in that, but it could not be further from the truth in Melbourne. I am still gobsmacked—and you mentioned that you have to wait 40 minutes in between as an average—that you have to wait 30 minutes for a bus to get from Carlton to Collingwood.

Prof. Currie—That is the norm. That is not an unusual case, by the way.

CHAIR—Yes, I fully understand that, and that is between seven o'clock in the morning and seven o'clock at night. On Saturdays there are even fewer buses. We talk about sustainable transport, but how the heck does that get fixed?

Prof. Currie—As I have said from the beginning, the fundamental problem is that we do not have much public transport, and that is why waiting times are so long. That is why the quality is a problem. That is why we have overloading when people try and use it. We have to provide more. I think there is a common national constant in all of these cities, although they have local flavours, and that is the word 'investment'. Brisbane has achieved great things with its bus network because it invested in providing quality. Perth has changed its mode share a lot from a low level because it had investment in railways. Each of these cities, if they invest in the quantity and the quality of the services, will get higher usage. It is simple. I would add an extra flavour to that: you could go and spend many billions of dollars—and you would have to: many tens of billions—but you are always going to be struggling to get the money.

I put it to you that a sustainable long-term way of going about it would be to do what George Bush did. He has more than doubled investment in urban public transport in the United States through creating a fund from the fuel tax. Something like 13c from every gallon goes into a fund to invest in urban public transport systems. They give that money to all the states, and there are always ties to that money, such as the production of reports. Every year they have to produce an annual report on ridership, where their costs are and what their efficiencies are. There is a fund that goes into research to make sure that there are best practices guides which are shared on the internet every time. They have literally 200 reports on the internet now on best practice in urban public transport. I would put it to you that there is not a single one in Australia. There are reports around but nothing that is seen to be an agreed national approach. I think is a common sense-way forward that is sustainable. We do not have to have this argument every now and then about how much we put in.

CHAIR—Of course, the difficulty that we are hearing about around the country is that there is no argument that if there is an efficient heavy railway system and there are bus links—whether it be rapid bus transit or whatever—to get the suburbs to the railway line, it is successful. But it is not just a case of saying, 'Let's build more railway lines'.

Prof. Currie—No. We should be efficient in how we go about this. There is almost consensus now amongst the academic community that strong networks with high-frequency and very high-quality transfers are part of the solution for these cities. I would emphasise that Australian cities are gigantically huge. It is really useful to see them in the context of European cities and how small those cities are. In Perth, the distance from the north to the south is almost like a national scale in some countries. Why am I telling you this? It is because having railways everywhere is just not going to be a possibility. We get one or two railways every few years in Australia and, honestly, to fill the gaps in Melbourne we probably need 30 or 40 more. We are never going to get that. I think we should look for cost effective investments.

I do think the new generation of what are called bus rapid transit systems are an opportunity. And every state is doing this. Even Perth has its Network 21. Brisbane has its busway network now. Melbourne has its SmartBus network. Even though Melbourne only has about five SmartBus routes now—these are high-quality bus services—that network is already bigger than the whole of our tram network, and no-one would ever have imagined that we would have invested in twice the tram network we had because of the money involved. We have to be clever about how we use our money. I think getting the problems out there to help solve and fund solutions, such as congestion-pricing type taxes or car based taxes on fuel, to solve the problem are a very sensible way forward. Then we have to be clear that the investment we make is the most cost effective way of using the money.

CHAIR—That is very interesting. Not too many people have come out with the same views as you have. It is all very well to say rail is fantastic and leaves a lesser carbon footprint, but the truth of the matter is it takes land; then we start talking about ploughing through people's backyards or whatever it may be. There has also been the line from some witnesses that, if there is a road there, you can take away a bit of the road and put a railway line on it, but it is just not that simple. I have said to the Bus Industry Confederation that, with rubber wheels, there is flexibility. Of course, the argument then is on what powers those buses. That is a good argument to have, but when all is said and done we still have expanding suburbs. Sydney is a classic example of where there was no forethought of: 'What are we going to do for public transport before we build this suburb?' They have got themselves in a huge pickle. It is hard to believe in this day and age that public transport cannot be part of the planning for a new suburb in some states, but that problem is there and it is alive and well. Even if we are talking bus rapid transit, busways or whatever, we still have a problem with what they are going to run on.

Prof. Currie—Yes, the question of fuel. Light rail is an interesting and very progressive alternative to these things. It is a quality alternative and it is more expensive, so you have a trade-off between expense and quality. What do I mean by that? There is a lot of evidence that people prefer light rail to buses, but I think the evidence is a little unclear about light rail versus good quality bus rapid transit. In the end, we are talking about the same thing—the mode does not matter. We are talking about reserved rights of way, high frequency and platform entries, not that any these features are currently in place in bus rapid transit in Australia by the way, although they could be. Light rail could have capacity advantages, and it definitely has an environmental advantage at the moment because it uses electrically based fuel, although it depends on how you power that fuel, of course. If it is brown coal it is still problem. I do not want to get caught up in what mode it is. All I would like is quality. If some states are willing to pay the extra money to get that quality, good on them, although it is quite likely their investment will be more focused in

a smaller area than a bigger one, and that is a horrible trade-off each of the states is going to have.

CHAIR—Continuing with buses as an example, the catch is that you still have to provide dedicated lanes. I do not go too far out of the Melbourne CBD, but there do not seem to be too many roads where you could just take out one lane and dedicate it to buses.

Prof. Currie—There is a flexibility with bus rapid transit—when things get really tight you can run on the street. But in some ways a benefit of light rail is that it does not let you do that. The Gold Coast is going through these issues now. They have some very tight locations where they want to run the trams, and it is not going to give them much option. They have to segregate it, protect it and make it more reliable or not. I think they probably will have to, and that is a good thing in a way. You are concerned about taking road space; I am not because in the long-term future it is going to be the sensible thing to do. I completely agree that it is hard politically. It is a case of conflicting objectives between local people who want to have access by car—and particularly traders want parking. But these issues are holding us back in achieving many of the things that we want to, and we are going to have to make a hard decision.

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

[11.45 am]

SCHEURER, Dr Jan, Research Associate, Australian Housing and Urban Research Institute, RMIT University

STONE, Dr John, Project Officer and Research Fellow, Australasian Centre for the Governance and Management of Urban Transport, University of Melbourne

CHAIR—I welcome representatives from the Australasian Centre for the Governance and Management of Urban Transport, GAMUT. Do you have any comments to make on the capacity in which you appear?

Dr Scheurer—I am also an honorary research associate at GAMUT.

CHAIR—GAMUT has lodged submissions numbered 74 and 143. Do you wish to make any amendments or alterations to these submissions?

Dr Stone—No.

Dr Scheurer—No.

CHAIR—I invite both of you to make a brief opening statement.

Dr Stone—Thank you. What we want to emphasise in our submission, and I think this has come up in other submissions, is that the consideration of public transport by the Commonwealth is not just an opportunity for greater investment but a catalyst for new ways of design and delivery of services. Our key recommendation to the committee is that the Commonwealth tie any funding that it might offer for urban public transport to reorganisation of services into integrated networks. We have outlined in our submission what we mean by a network, and we can talk to that further if you would like.

What we would really like to emphasise is simplicity for users for many trips on public transport, so a user can say not just that the trip they have learned over the years of hard trial and error works for them to get to work, and what the options are if things go wrong, but they can think about many other trips they might make across the city. It would also mean efficiency for operators and clear priorities for investment. This has to be done in a way that recognises local institutional arrangements and particular obstacles.

In Melbourne over many decades, as we note in our submission, public transport management has actually worked against coordinated operations of the different modes. That is a historical fact because of trams and trains competing with each other. In fact, when trams first came on the scene in the twenties, the trains, as the monopoly holder, made them pay for infrastructure and got 20 per cent of their revenues off the top. So competition has been alive and well between trams and trains, and buses have been a fringe player in that competition. We have actually exacerbated that situation by the way we managed the privatisation. We had an attempt in the

eighties under the Cain Labor government to bring things together, but that was a long-term project to try to undo 50 to 80 years of practice and it did not last long enough to succeed.

As can easily happen when we have a single funder and ultimately one body that determines policy directions—as is the case in Victoria—the capacity for innovation, efficiency and rigour in determining priorities can be lost. Restoring that capacity and invigorating management was one of the aims of the 1999 move to bring in private operators. Unfortunately, the model that was used was flawed. The original franchises left no-one responsible for planning the network. In fact, the very idea of running a network was lost. Richmond station, one of the busiest stations in the system, was operated by one operator, but the lines of both train operators went through that station and you could only get timetables for one of the operators at that station. As we have moved to generations 3 and 4 of the franchises, the lack of coordination has been recognised and things like Metlink, another private entity, have been applied as a bandaid for that lack of coordination in the original privatisation. But we have a situation where everyone is responsible for coordination and, in the end, no-one is actually responsible.

Privatisation was overlaid on an ailing institutional base. We have had decades of managing decline in public transport, and much of the expertise in the state public transport agencies was lost. There is a culture of defensiveness around the debate about the causes of decline. As somebody who has been trying to bring international best practice to Melbourne over a long period, I have found that often the answer is: ‘We’ve got everything under control,’ or ‘We just need several billion dollars of new infrastructure.’ Somewhere in between is where I think the answer lies.

I think the real strength of the Commonwealth’s potential involvement in public transport in bringing money to the table by tying existing money is that we will be able to get the attention of the state agencies and break through some of these crucial deadlocks. In Melbourne, I think some of the deadlocks are things like the technical debate on how many trains we can run through the core of the suburban rail system and how we can simplify the rail timetable so that it is more able to provide a reliable, high-frequency core for a network.

We also have to have a review of our bus lines. While Professor Currie is right in that we have very little public transport across most of Melbourne, when we do run that public transport we run it in such an inefficient and convoluted way that we are losing the opportunities to build a network even with the resources that we have available at the moment. Part of the team, with Dr Mees and some international public transport experts from Europe, are doing this work in New Zealand cities, where we are reorganising their bus systems to take advantage of modern network practices to build efficiencies into their system.

CHAIR—You are doing that in New Zealand?

Dr Stone—Yes. Perth is doing it and Brisbane is on the verge of doing it, and the big nut to crack is how we make that process start to happen in Melbourne and Sydney. Perhaps Jan might be able to—

CHAIR—Good luck!

Dr Stone—I think you folk might be part of the hammer to crack the nut.

Dr Scheurer—We have actually started this work; let us put it that way. John, do you want to talk briefly to these images?

A PowerPoint presentation was then given—

Dr Stone—These images are in the submission, but really the idea of the network is that if you have got 10 disconnected bus routes, as shown on the middle slide, often the suggestion is, ‘Let’s increase the frequency; let’s double the frequency,’ and that is the sort of thing that gets built into a lot of transport models. But the inelasticities in that sort of thing are huge. If you double the frequency, you do not actually give many more people any service. But if you take that same frequency and you put it on a series of lines that cross over then, for the same amount of service that you are providing, you are providing a huge elasticity for demand. Those sorts of network effect benefits are just not built into current transport modelling. Often people will ask: ‘What would happen if we doubled public transport investment?’ It goes into frequency of existing services. It does not go into putting the pieces together in a different way. So that is really where we see the network advantage is.

Dr Scheurer—We have actually done some work on this in Melbourne. We have been wondering if those principles that have been summarised in our submission could actually be applied to the Melbourne network. There are four main points. Can we provide convenient, walking distance access to an overwhelming majority of Melbourne’s population and jobs? Can we make transfers work? Good public transport systems invariably incur transfers, but if transfers actually work they can be a good thing. They can create the sort of connectivity we are talking about along what we call geographical design lines and without long waits for connections, meaning that services are coordinated. Can we operate a consistent service pattern with a standard, compatible frequency across all services? Currently we have trains and buses running every 15, 30, and 40 minutes across the metropolitan area. That is not good for transfers. Can we create a network that caters for a range of different travel purposes—fast travel, slow travel, radio travel, orbital travel?

A couple of years ago we were commissioned by a collection of seven metropolitan councils in the north-eastern quadrant, if you like, of Melbourne around the Epping and Hurstbridge train line, and we did a little analysis of the urban structure. It has a lot to do with how the city works geographically and spatially and what kind of hierarchy we have in activity centres. You may be familiar with the *Melbourne 2030* strategy, a metropolitan strategy which identifies 115 activity centres across the metro area. Sixteen of them are on the image being shown, in the north-eastern council areas. They are represented by the red and blue dots on the slide. The blue lines represent the train lines, the green lines represent the tram lines and the orange lines represent the bus routes. You will not see very many of them because we applied a minimum standard, which is a 30-minute service every day of the week, seven days a week. There are not very many in the study area, and that is exactly what Professor Currie was saying. There is no decent public transport, even minimal service public transport, for a lot of Melburnians at the moment.

CHAIR—So, where there is an orange line from Doncaster to Box Hill railway station, is there a 30-minute service?

Dr Scheurer—You have a 30-minute service seven days a week.

CHAIR—How far is it from Doncaster to Box Hill?

Dr Scheurer—It is probably around five or six kilometres.

CHAIR—Okay. Thank you.

Dr Scheurer—It is not walking distance.

CHAIR—You could probably walk it in between waiting for buses.

Dr Scheurer—Maybe. Our next step to creating something that could resemble a network and that could create all these network effects is to look at all the missing links that are the gaps between the activity centres and our existing infrastructure. We took the existing bus routes out of it because we thought that a bus system can be reconfigured quite easily. That is the flexibility of the bus system that was mentioned. The rail system cannot be reconfigured so easily, but we can determine the need for potential additions to the rail system and to the bus systems as well. So we classified the missing links into four different categories.

We have had some suggestions and proposals from state governments about creating orbital bus routes along some of those missing links, and there are a number of ways you can do that. Many of the plans that we have seen so far looked very much like the image on the left, which I call the concentric pattern. It is clearly better than doing nothing, but the pattern on the right creates better network connectivity—that is, an interlaced orbital pattern. That means that the bus routes cross each other in strategic centres along the radio corridors of the train system. That creates greater connectivity with roughly the same amount of resources as the example on the left. On the basis of those principles we created the target network for 2030, which has a combination of measures in it. It has some train extensions along radio corridors, including to our growth areas in Mernda and Aurora, north of Epping, at the top of the end of the map shown. It also has a new rail corridor which has been planned for the last 40 years or more along the Doncaster-Ringwood corridor. It has some relatively short tram extensions to link them into nearby activity centres and to create some orbital links and it has a new high-performance, high-frequency bus network which crisscrosses the entire area and creates that sort of network connectivity.

Creating a network on a regional scale is one thing, but what is actually happening in the activity centres, in the nodes where these transfers are supposed to be made and where urban activities are supposed to go? I believe that Professor Carey Curtis has been talking to you in Perth about the project we are doing on spatial network analysis of multimodal urban transport systems. It is quite far advanced in Perth. In Melbourne, we are only just starting, but that is one of the indicators we took. I will not explain the technicalities, but it is about identifying which nodes have the greatest connectivity in the network, which nodes provide the greatest opportunity to actually make transfers, and probably also about pursuing other activities while you are making those transfers. The three with the largest numbers are Clifton Hill, Thornbury and Reservoir.

I will only talk about Clifton Hill today. As an example, we put some of our urban design students on the job and got them to redesign this area. It is currently very dominated by roads. It does not have land uses that are compatible with a rail system. The roads are very hard to cross.

There is no real connectivity between the train station and the trams and the bus interchange. On the right of the slide you can see some of the pedestrian conditions: the dark tunnels you have to crawl through and, interestingly, the tennis courts that you have to walk through to get from the train to the tram. On the left you can see one of the suggestions that the students came up with for putting all of these interchange facilities into one spot and also creating some additional land uses that could provide patronage, surveillance and general interest in the public space. All three modes—bus, train and tram—would be in one location with a very short tram deviation and a change to the road design, which is now more than 50 years old.

We also look at precedents from around the world and at how well this is done in other places. Trams and trains can stop at the same platform, as in Zurich, on the top left. Or, where you have a larger train station with different levels, you can still create a very convenient interchange such as on the bottom left as in Karlsruhe. High-density, mid-rise development around trams is a very common theme in many cities. This is not just in Europe, as in Rotterdam as shown on the top right, but also in Los Angeles, which was once known as the car capital of the world. It probably still is, but they are doing good transit-oriented development these days. As Carey Curtis has mentioned, we are working on a number of different indicators looking at analysing the network. It is this level of rigour that we would like to see when we are coming to make big investment decisions on public transport. I have one more slide, which John might say something about.

Dr Stone—To provide some information about the subsidies under the current privatised system, there has been a lot of argument about them. The government has recently admitted that they actually are costing more. They have said that that does not matter now, but we have been saying that it mattered for a quite a while. The red box on the second graph shown is what the government calls the cost of securing the franchisee's operation. That is where we think that there are resources available for building these networks.

CHAIR—Wow! I am just taking that all in. Thank you, doctors. I am still trying to work out what 'cvi=' means, but anyway. If that is the presentation that you gave to the bureaucrats, I hope it was a lot longer than ours. Senator Ludlam?

Senator LUDLAM—Thanks a lot for coming in and presenting that work to us. I think it is really valuable. Can you start by letting us know where this work is going? Through who and how are you feeding it into transport planning and investment?

Dr Stone—There are a number of ways in which we are trying to feed the network ideas into public transport management. At times we have had visits from various international experts, such as Dr Rolf Bergmaier from Zurich, who designed the Zurich bus and rail network which covers an area the same size as suburban and regional Melbourne and carries very many more people. Unfortunately, our experience in trying to bring their ideas to state government agencies has been very disappointing. Many of the senior managers who came to Dr Bergmaier's presentation, which was arranged for their convenience, left halfway through it. As a very polite Swiss, Rolf was very concerned about that sort of behaviour.

You can compare that with the way the way in which some of the agencies responded to networking ideas in, say, Wellington, where I was in February. We spent a day looking at their bus routes. Those ideas are now going through to consultants to be developed as part of their public transport planning processes. When we tried to have the same process happen in

Melbourne, we found there is really no internal process that this can fit into. Nobody is contemplating these ideas and it is very difficult to find ways to get these ideas to be adapted for the Melbourne situation.

Senator LUDLAM—That is a bit of a problem because we have heard plenty of evidence already so far, and we have only been here for half a day, that the system is a bit stuffed—that it is either at capacity or it is in the wrong place, that it is uncoordinated and that we privatised it and so a whole pile of it disappeared behind commercial-in-confidence. So you would hope that there would be some acceptance of some new ideas. What kind of institutional set-up do you think we need?

Dr Stone—That whole question of whether we are at capacity is a technical question that there are a lot of doubts about. I know that Dr Mees will present more information about that this afternoon. What I find most frustrating in Melbourne is that there is not an open process to resolve those sorts of questions. My understanding of Perth is that when there have been those sorts of complex questions, such as how to bring the Mandurah line into Central Perth, and there has been a whole range of options and a whole range of technical information, there has been a process in which an honest broker—in this case, Stuart Hicks—has been able to get everybody around the table and sort it out. It is a technical question; it has an answer. And those processes are things which we do not have in our institutional set-up and which we very easily could have. It is not a difficult thing to do.

Dr Scheurer—I can give you an illustration for that. The work on the north-eastern corridors in Melbourne that I just presented has been initiated by local government. There is actually quite a strength in local government here in Melbourne. They are organised in the Metropolitan Transport Forum, and I believe Jackie Fristacky will be here this afternoon. She might be able to answer a lot more questions about that than I can. The Metropolitan Transport Forum and local government in general have at times been at the forefront of the transport debate in Melbourne and have been using this kind of background research work that we and others have done for them to reinforce those lobbying efforts. At times that has been quite successful, but the responsiveness of state government is indeed, as Professor Currie said, reaction rather than planning.

In contrast the work on our spatial analysis model in Perth is actually funded by the state government. It is not just the analysis of the existing system; it is looking at future scenarios that they funded for us. It is very similar to what we have done in the north-east corridors of Melbourne but on a metropolitan scale. That might be the difference between Perth and Melbourne.

Senator LUDLAM—So you are not specifically arguing for a huge injection of funds, just better planning and that kind of network principle planning that you have demonstrated here.

Dr Stone—That is the first step. There are infrastructure needs. It has been well established which parts of the radial corridors in Melbourne do not have good rail, and they need it. What we need to do is start to build the political momentum. We have 50 years in Melbourne of public transport decline. The public and quite rightly a lot of the politicians wonder why they would back this horse. The experience of cities where things have turned around has been that it has not

necessarily been done in one step. As they said in Perth, you need to suspend disbelief while you rebuild the system. That is where the network ideas offer the best chance.

You can actually do things with existing resources and start to build a bit of momentum. Take the SmartBus that is going to Monash University at the moment. It is not very smart. You have 15 minute frequencies on the bus and 15 minute frequencies on the train but they do not meet and the walking route between them is appalling. This is the major route for students getting to our second biggest university. If you started to build a few network successes then you would start to build the momentum and start to get people saying that public transport is a good thing to do. Then you can start to open up the debate about how you move funding from road to rail for the big-ticket items.

Dr Scheurer—We do need investment, but we are more likely to do a lot more with a larger number of small investment items than with a smaller number of large investment items. We currently have proposals in the public transport sector for some very large new rail projects—the north-south tunnel under the CBD in Melbourne and the new suburban line around the Tarneit area. None of these are necessarily without merit but they are not presented in the context of what they can actually do to the network. They are basically just seen as spending a number of billion dollars on the lines and that will fix our transport problems. It is not possible to make that call without actually knowing what they will do to the network and how it is actually imbedded in the process of network planning.

Senator LUDLAM—Has the network technique that you guys have developed and demonstrated here been tested carefully before and after in a real city?

Dr Scheurer—We have only done it in Perth so far at that level of detail. I think it has worked quite well.

Senator LUDLAM—So you tested it before the Mandurah railway line went in, and then after?

Dr Scheurer—Yes.

Senator LUDLAM—So what were the findings there?

Dr Scheurer—There were a number of findings. The one that most instantly pops to mind is that the network has become 32 per cent more efficient across the entire metropolitan area. That is quite an interesting finding because it means that, firstly, we are actually getting quite a return on investment—72 kilometres of rail, a \$1.7 billion investment. That, in international terms, seems like very good value for money. We are getting an efficiency gain across the entire metropolitan area. That reminds me of something the former planning and transport minister of Western Australia said in a debate on television about a year ago. She said that the benefit of the Mandurah railway line is not just to the people in Mandurah and Rockingham and along that corridor; it is also to the people in other suburbs. They have more destinations, more places to go to.

The public transport system is becoming more congruent and actually serves more people for more travel purposes. That is the sort of network densification and intensification that we have

been seeing in Perth—and it is not just the train line; the bus line was reconfigured. We have new orbital bus links that were previously not there. You can now make convenient transfers, with these transfer facilities, between different suburban buses. Add that to the speed, high frequency and convenience of the railway line and all of those factors add up to this figure. I think it is really quite a positive story. We can replicate that in other cities.

CHAIR—And an integrated ticketing system.

Dr Scheurer—Yes.

Dr Stone—A ticketing system which is based on integrating the modes, not on having a technological fix. The last ticketing system that fell over in Sydney was touted as an integrated ticketing system but it actually was not because it still had all those complicated ticketing arrangements that you have with City Rail and all the buses. You did not get rid of that complexity; you just put a technological layer over the top. In Brisbane, when they did their integrated ticketing system, you could see the increase in patronage.

Senator LUDLAM—Dr Mees has suggested that maybe the state should just take back control of the networks so that these benefits can come into play. Would you agree that that would help?

Dr Stone—Yes, I would. It is important to recognise that we have not actually privatised in the sense that we have not sold things off. I was talking to a group in the community yesterday and they really believed that it was going to cost us a huge amount to get it back. All we would have to do is choose to not re-sign the contracts. We could have an agency that actually planned the network and then you might choose to have delivery of parts of that network by the private sector. That is the model that is followed in cities around the world where things work very well. But you have to have that network planning function in place.

Senator LUDLAM—It does seem to be working fairly successfully in Perth. If the Commonwealth were to step up into this area, which it has neglected for decades, have you considered whether those sorts of conditions would be an appropriate tie to funding—that you do not get Commonwealth funding unless you have restructured your state planning and transport authority to provide that coordination.

Dr Stone—That is something that we have been looking at for a long time. It is something that we tried to get up through the Better Cities Program in the 90s. Maybe its time has come.

CHAIR—It is becoming very clear that a lot of people have wanted to mention Perth's integrated system and how the buses meet the trains, and other common sense stuff. But one of the private operators spoke to us and we appreciated his time and input. He operates in that north-eastern corridor where there is no railway line and he had nothing good to say—how it is collapsing, how it is all going to turn to mud and all sorts of things. Then come back to the situation that we have heard about here in Melbourne where it is easy to get in and out of the city, it is very easy to get away from major events, that is, football or whatever. Have there been any studies done showing the dollars saved from integrating trains, buses and trams in Melbourne?

Dr Stone—Not in any specific sense, but it is there as a common-sense point. In terms of demonstrating the system-wide benefits, we have done another piece of work in local government looking at what would happen if you had your buses running in straight lines rather than round in circles and how much frequency you could get by using the same buses on a different a configuration of the routes. But looking at it across the whole city, no.

CHAIR—What about in the examples that you have looked at?

Dr Stone—In the small examples in local government, you are looking at 30 or 40 per cent increases in frequency that you would be able to achieve simply by making your buses run in direct lines. There is always going to be the tricky question of how you actually implement those. Politically you have to build up the support for it, but there are clearly orders of saving of that sort of magnitude.

CHAIR—I might be missing something here, Dr Stone. I am only a mere Senator, along with my colleagues. I certainly do not have any degrees in public transport. What is so hard about getting the buses to meet the trains? You are a doctor—you might be able to help me out here. I have missed something.

Dr Stone—It is an institutional problem. There just seems to be nobody whose job it is to say, 'This is really important.' A bus company can put up a timetable for a route that it is operating and nobody at the Department of Transport will say, 'No, you can't run it like that.' The issue of why it is difficult is often raised, and the bus companies say: 'Our bus route runs in a strange pattern and crosses three rail lines. We cannot coordinate with all of them.' We say, 'That's true, so we need to reorganise the bus route so that it doesn't go all that way and just links two routes.' You also have to step back to the rail system and say, 'Let's have a simple timetable of 15-minute services on all routes all day, rather than the complexities that we have today,' although that does chase its tail a little bit. Everybody says, 'It's just too hard,' 'What's in it for me,' and things like that. We have so many complexities built into the system because we have a train operator and small bus systems.

Dr Scheurer—A lot of timetables and network patterns have evolved historically over many decades. It would be really interesting to do a research project about how, for example, the bus network of Melbourne has evolved since the 1920s or 1930s, when buses were first introduced. I am sure you could still find traces of the operating patterns in the city 80 years ago that have somehow been fiddled around with for all that time but that have never really been comprehensively rethought. The same goes for train timetables, which are a classic example. We get timetable reforms from time to time, but they are never really comprehensive. They are usually just trying to fix the worst problems, the squeakiest wheels.

Dr Stone—We have lost a lot of expertise in that area. People say, 'It's always run like that.' One of the problems that we often refer to is the fact that the V/Line trains coming from Gippsland come into the city and then go through to South Kensington on the way to Footscray and then turn around again, which complicates things for the suburban trains. When we ask, 'Why don't you fix that,' they say, 'It has always been like that.' It may be that it has 'always' been like that in the life of that operator, but I remember getting the Gippsland V/Line trains from Flinders Street in the seventies, when they would come into Flinders Street and turn around

and go out again. We have lost that expertise, and we really need to find ways to build it back into the system.

CHAIR—It is a bit like getting whacked around the head with a cricket bat. After three or four times, you learn to duck. It is not that hard. I understand where you are coming from, but this is just ridiculous.

Dr Stone—The work that Jan has done, the complexity of his formulae, is really just a way of providing a simple picture of what the advantages might be. The actual process of doing it is, as we found in Wellington, just a matter of looking at the routes on the map and reorganising them in a way that takes the user and the efficiency of the operation as the central point.

Dr Scheurer—I should probably go back one step and explain. There are two ways to time coordinate a network. One way is to create very high frequencies where it does not matter what the transfer times are because there is going to be another service coming up very soon. It is usually agreed upon that 10-minute frequencies or better deliver that. It is called the random access service saturated network configuration—a big term. The other way of doing it is to actually create a network that has a number of hubs and then the timetables have to be coordinated in a way such that services automatically meet in those hubs—every 15, 20 or 30 minutes. You can do it at a number of levels. Of course they have to be compatible. You cannot have one set of routes going every 20 minutes and another set of routes going every 30 minutes. It does not work because they do not match. One route every 15 another every 30 does work because one is part of the other. That system is called the paths transfer system. You have to plan the network very carefully. Obviously, the distances that the routes cover between those hubs have to fit into that pattern. That is a more complex thing but it has been done successfully even at a national scale. In places such as Switzerland or the Netherlands the entire regional rail network across the country is organised like that. I guess it can be done in Australian regions too.

CHAIR—I have a more simplistic view. There is another system which is that you work backwards. If the train is leaving at two, you make sure the bus leaves the furthest point to be there by two. I just do not get it. I do not have that view that says there is something very hard here. Senator Hutchins and I in our previous lives were very up to date with technology in the transport system. Whether you are carting a person or a bag of nuts, it does not make much difference really. In fact it is probably easier to get a person on a bus than it is to get a bag of nuts on the back of a truck. With technology and transport you can be in the Blue Mountains in Sydney, get a truck to come round today to pick up a parcel because you want to send it to your aunty in the northern districts of Perth and your aunty can track that parcel on its journey across the country. So I understand that there are systems. I reckon it is all bull; if the political will were there, they would make it happen. Anyway, I am wound up enough, I had better wind down.

Senator BACK—It has been a lesson for me, Chair. Thank you both very much for your presentation. One of your recommendations is to freeze the funding for the expansion of the urban road capacity but is that not simply focusing on the urban roads for moving people? What about transport logistics, moving the chair's nuts et cetera? There is a real need as cities and demand for services expand to be able to deliver freight. What is your solution there?

Dr Stone—We are perhaps making a rhetorical point in saying we would like to freeze funding for development of roads which allow for greater commuter access. We have seen over

the years that something like the Eastern Freeway, which comes from Ringwood to the centre of the city, has not changed but it has a radial route for commuters. In the next iteration of the funding, it is an orbital route for freight. The freight argument is often the stalking horse for roads which compete with the public transport system. We have to break that nexus and be absolutely sure, if we are putting a proposal for freight movement, that it is not accessible in a way that unravels the urban transport system for passengers.

Senator BACK—One of the points that Professor Carey made in her presentation the other day was fascinating to me. She was talking about the relatively cost-effective analysis techniques that you now use. I cannot remember the term she used, but it had elements of this in it. She used as an example Roe 8, which is an extension of a highway in Perth. She made the observation that, using the modelling she was referring to, that exercise could be undertaken for somewhere around \$200,000 as opposed to several million dollars. If these modelling tools exist—and presumably they are using GIS and other technologies—and if they are cost effective then should the Commonwealth be linking any funding to the use of those analytical tools so that we can get a better outcome before we invest the dollars?

Dr Stone—I think the analysis does need to be done. With any of those modelling techniques—and transport modelling is an exemplar—you have to be really careful about what assumptions you plug into the model because if you start plugging in public transport cost increases without taking into account the network effects then you underestimate public transport. That historically has been what has happened in modelling processes. We really have not used them in the way that we could use them if we actually had sensible assumptions inside them. The existing modelling techniques are perfectly adequate for the task, you just have to make sure they are not determining the answer before we ask the question.

Dr Scheurer—That is very much built into the model that Professor Carey Curtis and I developed. It is what we call a discursive model. It is not a model that is prescriptive or predictive even. It is not trying to tell you what to do or what not to do. It is basically trying to inform you to make the best decision. It tries to illustrate that information from a number of angles so that informed discussion can take place. Rather than trying to be a bit esoteric about its assumptions and its processes, we try to make it as transparent as possible.

Senator BACK—On a different theme: you give us the statistics associated with the reduction in the use of public transport over time. One would think that probably parallels fairly accurately the increase in private ownership of vehicles. Thirty years ago there was one car when the family could afford it, but today, if there are three adult kids, chances are there are five cars in the family. You mentioned Canadian cities, and Vancouver is an example where they faced exactly the same from what I understand. What is it that Vancouver did differently when people had the same desire to use their cars? What did they do that Australian cities might be able to emulate? I recognise that there are all sorts of local differences of course.

Dr Stone—The simple difference really is that they did not build the commuter freeways. There is not the road space for moving around by car in Vancouver. What is interesting in that is that you would expect therefore that travel times would increase, but people's decisions about where they live and work, facilitated by a good planning system, have meant that travel times have decreased in Vancouver. It is the only city in North America—and there are very few cities anywhere like this—we you get reductions in travel time over a long period. Vancouver has

achieved that. It seems to be about the mix of land use planning, good public transport provision—although it is not highly expensive; it is very much bus based—and limiting the expansion of road capacity. You will see in the pictures of Vancouver that people live in high-rise flats. People do live in those in central Vancouver, but it is a very small proportion of the population. Most people live in suburbs which we would recognise as middle and outer dormitory suburbs, not high density.

Dr Scheurer—Ultimately, good public transport policy is about creating choice for people. It is not about getting rid of cars. I do not even expect car ownership rates to decrease very drastically in the near future, essentially because those cars are already there and people keep owning them, and not discounting the fact that there is a sizable community, particularly in inner urban areas in Melbourne and Sydney but also in other cities, who live without cars or with fewer cars per household. Essentially, it is about giving people a choice of movement on different modes. It is about integrating the car, the public transport and the non-motorised modes and making it possible to move around a city in different ways. That possibility currently does not exist, as Professor Currie has elaborated on, because public transport is essentially not accessible to more than half of our population in Melbourne, for example. If we change that situation we will be able to create those choices. I have a strong belief that most people are quite rational beings when it comes to transport choices—if there is a good public transport service then people would use it; if there is a lousy public transport service people will not use it. It is as simple as that.

Senator BACK—In Perth last year we had the input of Charles Landry from the United Kingdom—and I notice he was in Brisbane last weekend—and a lady from the United States who is the CEO of a company called, I think, Sustainable Cities. They held a number of public forums. Her observation was that young people in particular are not doing what our generation did: if there was a job, you simply went to do the job, and if you are married then your spouse presumably went with you. Young people are not doing that; they are making decisions based on what sort of a city it is, how close they are to public transport that is safe, available housing in areas where people of their own age groups are likely to be and also a factor that Perth did not seem to meet: they like to go around a corner and get the ‘wow’ factor. This was helping them make their decisions. The lady from the United States was saying that cities are surviving or not surviving based on their capacity to attract young people—young professionals and others. Are we seeing any evidence of this in Australian cities, of people electing to live and therefore work close to either public transport or access to it?

Dr Stone—Where people have the choice, where their job allows them to afford to live in inner Melbourne, they will do that. I think that is where the growth in public transport in Melbourne has come from—where the places people live and work fit with the service that is offered by the rail system.

Senator BACK—So it is an incentive?

Dr Stone—Yes.

Dr Scheurer—Melbourne is actually a case in point here, and this is probably a good closing statement. Melbourne is different from other Australian cities because we actually do have, as Professor Currie said, one of the world’s largest tram systems. This is a remnant from historical

times which remains in Melbourne because we took a different choice at a critical point in history, in the 1950s and 1960s, from other cities which got rid of their tram systems; we kept ours. I strongly believe that, nowadays, trams in Melbourne have a function particularly for this group you mentioned, Senator—that younger demographic that is willing to live in inner urban areas. That is basically their prime consideration. What kind of career they are choosing and where their jobs are going to be are secondary to living in an interesting area with like-minded people and with a lot of urban facilities. That is something that is very strongly facilitated by the tram network in Melbourne, and it is a function that buses and trains would not be able to match in the same way. That is capital that we should build on in Melbourne, rather than doing what the state government seems to be doing, which is throwing their hands up in the air and saying, ‘We’ve got this tram system, it is fine, but we don’t know what to do it in a future except to maintain it the way it is.’ We can actually use this tram system to develop those exact qualities of our city and that attractiveness of our city to the next generation of professionals and potential leaders.

CHAIR—As there are no further questions, thank you very much, Dr Stone and Dr Scheurer, for your input today. We do appreciate your assistance.

Proceedings suspended from 12.34 pm to 1.30 pm

MEES, Dr Paul, Private capacity

CHAIR—We will kick off. I welcome Dr Mees.

Dr Mees—I am a senior lecturer in transport planning at the Royal Melbourne Institute of Technology. I am very grateful for the opportunity to come along to speak to you today. I have apologised in my written submission for not being better prepared. I will apologise again because I gather some of the speakers this morning have made very impressive graphical displays, which I will not be able to match, I am afraid. I am in the middle of finalising the manuscript for a book on public transport network planning—something that you have probably heard about already this morning. I have publishers breathing down my neck. As a result, I have not prepared quite as well as I would have liked to in terms of written material. I will rely more on verbal material.

I will try to avoid repeating what you have already heard from speakers who have presented this morning, most of which I suspect would endorse, particularly the comments about the federal government funding regimes having been rather imbalanced in favour of road based private urban transport at the expense of public transport. I gather also the importance of public transport operating as a network has been stressed.

There are two things I want to focus on. Firstly, if it is so obvious that everything should link and integrate, why is it not happening and to what extent is that related to federal funding? Are federal funding regimes helping or hindering the situation? Conversely, if the problem is that at the various state levels the different bits and pieces are not fitting together, does that mean that the funding proposals that are submitted and discussed among those states are necessarily the best ones? Maybe in some cases if things fitted together a little better we would be able to save money.

To illustrate the proposal I ought to give you a little talk—I am afraid I do not have any handouts—on one very modest example of a place that I think has got this kind of thing right. I often get into trouble for talking about places like Switzerland here in Melbourne because it is mountainous and it snows and so on and there are always differences between one country and another. But it seems to me that if you are aiming to improve your practice there is a lot to be said for looking at the people who have done better than you. I spend a lot of time in my book talking about Zurich, the biggest city in Switzerland. I have had a bit to say about that in other forums. I thought that since not every one here is from a large metropolitan capital city I should talk about a regional centre instead. I do not know whether anyone has had the pleasure of going to the Swiss town of Schaffhausen. It is a little town of 45,000 people, which means it is about the same size as Shepparton or Wagga Wagga or Bundaberg. It is located a little over 50 kilometres north of Zurich in, for those of you who know Germany, the little bit of Switzerland that pokes into southern Germany, which is actually the canton or state of Schaffhausen. The state has about 75,000 people of whom about 45,000 live in the capital city. Some of them commute all the way to Zurich to work, but not very many because by Swiss standards 50 kilometres is a long distance. I suppose we would think of it as a suburb but it is largely a self-contained community.

Based on the figures from last year, the average resident of Schaffhausen makes 289 bus trips a year plus a few rail trips, which means that the per capita trip making rate by public transport in that little town is over 300 a year. That means the average resident makes twice as many public transport trips a year as the average resident of metropolitan Sydney, three times as many as the average resident of Melbourne and four times as many as the average resident of Brisbane. If you look at statistics for the journey to work from their last census, which was in 2000, only 44 per cent, which is less than half the population, travel to work by car, which in their census includes things like motorbikes, 15 per cent walk and 41 per cent use public transport. So walking and public transport between them account for the majority of trips to work.

By way of comparison, the equivalent figures in Melbourne are that five per cent of people walk or cycle to work, 14 per cent use public transport and 78 to 80 per cent—depending on whether you include motorbikes and trucks—use cars. We often worry about the fact that our kids are getting fat because they do not exercise. We do not do very many surveys of how people travel to school any more but the last time we did a proper survey in Melbourne, which was when the ABS did it in 1994, 55 per cent went by car for primary, secondary and tertiary; and public transport, walking and cycling together accounted for a minority. In the canton of Schaffhausen—and the figure is the same for the city—only three per cent of students travelled to school by car. They have a question about that in the census as well. The great majority of them walk or cycle and a very high percentage of them take public transport.

They have managed to achieve these figures with almost no infrastructure investment at all. I have to be a little careful here because I do not want to be taken as arguing that we should not be investing in public transport infrastructure but the evidence suggests that we could invest a lot more efficiently. The travel patterns in this little rural town in Switzerland are about the same as they are in London, for example, in terms of the share of people that do different things but in fact more kids are driven to school in London than in Schaffhausen. If you look at their little bus system you will see that they have six bus routes, each of them travels from one side of the city to the other through the city centre. They all meet outside the railway station. There is a bus stop outside the railway station—one on either side of the main street. All six of the bus routes run every 10 minutes all day long. The three biggest routes are run with large articulated buses, the next two run with normal sized buses and there is one run with a minibus. So, in order to make the frequencies the same they have varied the size of the vehicles. They are all timetabled to arrive at the station at exactly the same time. So every 10 minutes 12 buses—six from one direction and six from the other—converge on the station at the same time. They wait there for a minute or two so that you can transfer between one bus and another—and of course it is free to transfer from one bus to another—and then they all set off again. There is a very long fancy German word for all of that which I will not bore you with.

CHAIR—Try us.

Dr Mees—Integrale Taktfahrplan, which I think translates as ‘integrated pulse timetable’. In fact, the Schaffhausers—or whatever they call themselves—have another word for it and it is something to do with spiders, which I do not understand. Anyway, the concept is the thing. All routes except one, I think, run from about 6 am until 9 pm except on Sundays where they only run that frequently in the afternoon—Switzerland being the most church going country in Europe other than places like Ireland. One assumes that they are all at church on Sunday morning. Late at night and early in the morning the buses run every 20 minutes. After midnight

there is only a half-hourly service on a limited network of routes. But the fact is that I live in the inner suburbs of Melbourne and I do not get public transport that good. If in Australia we had all the buses running every 10 minutes we would not even bother to try to make the timetables connect because we would say that 10 minutes is not too long to wait. But they are so concerned to make public transport compete with the car that they coordinate all the timetables all day long because otherwise people might have to wait seven or eight minutes, which they think is too long to subject people to. Obviously, late at night when buses run every 20 minutes connections are more important.

As I say, that has been done without really the provision of any major infrastructure. All they have done is clear cars from the sides of the street that are closest to the entrance to the station and erected little shelters so you can wait under them. They have very good customer information—excellent maps and timetables and so on. But in terms of investments they have hardly spent anything. By Australian standards we would say that they are terrible in Schaffhausen, they must have hopeless public transport because they have hardly spent any money on it at all.

I think what the Schaffhausen example shows you is just how powerful having a coherent basis for planning your public transport system in an integrated, coordinated and efficient way can be. It not only seems to produce much better outcomes in terms of service to the public, but it even enables you to spend less. I do not actually think we need to spend less on public transport in Australian cities. Maybe we need to spend less on transport overall, but I do not know that we need to spend less on public transport. But we need to be very careful not to waste it, and this is where the link to the inquiry comes in—and I have attached a copy of a document I have prepared on some proposals in Melbourne.

If you look at the urban rail systems in Melbourne, Sydney and Brisbane in particular—and not poor old Adelaide, but they are at least now finally going to fix theirs up—what you find is that those rail systems are gigantic by world standards. They are absolutely enormous in terms of their extent, not just in terms of how far the tracks go out from the city centre but also in terms of the number of four-track, six-track and eight-track sections. The main railway line between Zurich and Schaffhausen, or at least the one that attracts the most passengers, is actually single track for about half its length. They actually have trains passing each other at island platforms at stations. I would not recommend that, but it is just a small indication of how much of infrastructure we have, yet hardly anybody uses our rail system by world standards. Tokyo is a bad example to pick, although the Tokyo rail system carries as many passengers in a fortnight as the Melbourne rail system carries in a year. We are not really heavily patronised by world standards, yet amazingly in Melbourne, Sydney and Brisbane our rail operators have all convinced their state governments that they could not carry one more passenger no matter how hard they tried, so these fantastic amounts of money are expended, virtually doubling the size of our rail system.

I have examined each of these cities in some detail, but I have spent the most time on Melbourne—and I have annexed a report I prepared on Melbourne last year. What I did not realise at the time I provided that report was that I could have started off a lot more easily. If you go to the website of the Victorian Department of Transport, they actually have a little section on the history of the Melbourne city loop, the gigantic underground rail system that was built here at enormous expense in the seventies and eighties. One of the things you can find there is a little

film that the organisation that built the loop, the Melbourne Underground Rail Loop Authority, produced as they were building it in order to explain to the community what the benefits would be. They even have the transcript of this video on the website, so it is easy enough to follow. About nine paragraphs down it says: 'Here's why we're building the loop. Currently our rail system handles about 100 trains an hour in the middle of peak hour, travelling through Flinders Street and Spencer Street stations. Once the loop opens, we'll be able to handle 200 trains an hour.' Since that time, the number of trains operated in the busiest hour of the day in Melbourne has actually dropped and we now run just under 100 trains an hour. Yet now that we have the loop—which was built, supposedly, to enable us to double that—we are being told that we need to build another loop at a cost of perhaps \$8 billion before we can carry 150 trains an hour, which is actually far fewer than the capacity the loop was designed to deal with.

I have explained in some detail—and I will not bore you with it now—in the report that I annexed to my submission what is creating the problems. They are essentially bad management practices that have evolved over a long period of time, particularly when patronage was low and declining such that you did not have to try very hard to squeeze a lot of trains onto the system. In Melbourne we lost the culture of efficient operation that was needed to utilise our infrastructure to its maximum extent. At risk of being uncharitable to my colleagues in Sydney and Brisbane, I suspect that they never had that culture of efficient operation for various historical reasons. Nevertheless, in each city we have this problem. What, therefore, needs to be done about it is where I want to finish this brief verbal presentation.

I notice that I am to be followed by some people from the Veolia Transport, who are going to try to persuade you that the Melbourne system of organising public transport is a model that other states should follow. Apparently the Independent Commission Against Corruption in New South Wales has uncovered some corruption in public transport in New South Wales. Since we do not have an ICAC in Victoria, no such corruption has been uncovered here. That must prove that our privatised public transport system is better than Sydney's publicly owned public transport system! I suspect it really tells you that we probably need an ICAC as well, but that is a completely separate issue. The first thing you need, if you are going to have public transport planned as an integrated network for maximum efficiency, is somebody in charge of planning the overall public transport network. That sounds obvious but neither Melbourne nor Sydney has somebody who is in overall charge of planning the public transport system. They do in Perth have Transperth which has, for all relevant purposes, been in charge for a long time—and this has been bipartisan in Western Australia so I hope it is not a political point-scoring exercise. The provision of bus services in Perth was contracted out to private companies which competitively tendered for the right to do so. Very few people in Perth probably even know that because the bus still comes along dressed up in its Transperth livery and it is organised to connect with the trains.

I hope you have had the opportunity to see the wonderful new line they have built down south to Mandurah. There are a lot of things about that line which should impress people. If I were taking people on an excursion, the thing I would most try to impress them with is how, when you exit the train at Murdock station, you find that the buses come in on their own separate roadway in order that they can pull up right outside the door of the station, just as the buses do in Schaffhausen in Switzerland. That level of integration is possible because one organisation is in charge of everything. They might subcontract some things to private firms—and subcontracting is no big deal—but the service to the public is provided on behalf of the overall public agency.

They subcontract buses but they run the trains themselves. For what it is worth, that is a very common model in Europe as well. It seems to be the case that trains are harder to subcontract than buses for reasons I will not bore you with, unless you want to hear about them.

That is the case in Perth, but it is not the case on the east coast. In theory it is now the case in Brisbane because the Queensland government has set up a body called TransLink and has charged it with doing integrated planning. Unfortunately, you need more than just the organisational flowchart to make high-quality public transport planning happen. What tends to happen, if we are not careful, is we take all the people who staff the old organisations that were not doing the job very well, we give them new job titles on the new organisational chart and say, 'Congratulations, you are now going to fix the problem.' I do not know whether that is happening in Queensland; I hope it is not. At least I think they have recognised that they need to have a single body in charge. The history of Brisbane has been the city council and the state railways fighting each other for money in order that, for example, they can build very expensive busways and very expensive rail lines next to each other so that they can compete with each other for custom, which is not the way things are done in network planned systems.

In Melbourne we do not have anyone in charge because our public transport system is franchised. We do have a departmental regulator but they collect statistics on things and report how often trains are late and so on. They do not integrate and knit all the different parts of the system together. In Sydney, although most of the system is run by public agencies, they are competing rival public agencies, which, again, have very little to do with each other. The consequences of that seem to be, firstly, that you get a disintegrated public transport system—Sydney is the classic example. They do not even have a multimodal fare system and there are no plans for a multimodal fare system. There are plans for an electronic smartcard that will make it easier to charge you a separate fare every time you transfer but that is not a multimodal fare system. A multimodal fare system is one in which transfers are free and you pay depending on how far you travel. That is not even on the agenda in Sydney because integrated multimodal thinking is so far away from where the debate is. The first reason you need someone in charge is that you do not get integration unless you have that.

The second reason is perhaps a little more subtle and Zurich probably does this best. Schaffhausen is a nice small, bite size city where things are not too hard to manage, but in Zurich they have a state-wide public transport agency. Since we have some people here who like big, long German words, this one is called the Zurcher Verkehrsverbund, which I think translates roughly as Zurich transport network or possible Zurich transport federation. The delightful thing about the ZVV—I did give their web address in one of the annexures to my submission—is that they have only 34 staff. If you do not believe me, you can go to their website and check out their organisational diagram—they even have it in English—where they name all 34 of their staff and what they do, and that includes receptionists, typists and goodness knows what. Their traffic planning division has only six staff and they do all the timetabling, coordination and integration. The reason they are able to do that is that they have other agencies which, by and large, are public agencies such as the Swiss Federal Railways which provide the services for them. So the Swiss Federal Railways runs most of the trains, the municipality of Zurich runs the trams and there is another municipality that runs the trolleybuses. They have organised things like that so that the overall coordinating agency runs not just timetables and integrates things but also keeps an eye on the people providing the services to make sure that they do so competently and efficiently. So half the task of the ZVV is planning the whole system and making sure that

everything meets up; the other half is making sure that even the Swiss Federal Railways, the most efficient rail organisation known to humanity—although even they are not perfect—has separation between the people in charge overall and the people providing the services, and it is possible to have them bearing down on them like that.

You may ask, therefore, why I am disagreeing with Veolia, who want something like that to be applied. It is a subtle distinction. In Melbourne we have a bureaucratic apparatus that regulates private operators. They cannot interfere in how they manage the system; they sit back passively and report on what private operators do. Because the bureaucratic apparatus is run by the same people who set up the system 10 years ago when our public transport was franchised, it is asking too much of human nature to expect them even to stick their hands up and say that the system is not working because the logical consequence would be that most of them would lose their jobs.

Although conflict of interest is talked about a lot, the conflict of interest we have set up in Melbourne is that the people who were supposed to be monitoring and regulating the private franchisees in the public interest are the same people who appointed them and set up the system under which they operate. Therefore, it would be superhumanly courageous of them to put their hands up and admit that what we have is not working. So franchising does not seem to work and the sad spectacle that is the British rail system proves that.

Perth has shown that subcontracting can work. It seems a very subtle distinction but ultimately it is about who is in overall charge and whether or not the regional public agency is in overall charge. It sounds as though it is not very important but the difference in results is amazing. I am a very strong supporter of subcontracting. As I said, in Zurich almost all the agencies to which things are subcontracted are public sector agencies and local government has a serious role there, which might be a lesson for us as well. It seems to me that, if you want to have network planning and, in addition, you want efficiency, you have to have a public organisation in charge and it needs to be a lean, dynamic, focused organisation that is staffed with the very best people around rather than anyone we could round up out the back of the transport department once we have finished the last round of restructures. I am sorry if that sounds uncharitable; it is not intended to be talking about anyone in particular, but if you are going to do a new kind of planning sometimes you need a new kind of staff to run your agency. I think I should stop there because I was supposed to confine this to 10 minutes and I have gone on too long.

CHAIR—That is fine, thank you, Dr Mees. Your opening statement was interesting because it is clearly the picture that is being painted as this committee travels around the country—it is the same old story. It is becoming perfectly clear that, without one main body to run it, there is no argument between public and private; it is just a case of making it happen and someone being responsible to make it happen. On that, what is so hard about getting timetables sorted out between trains and buses?

Dr Mees—There should not be anything hard about it, but it is amazing how hard it has proven to be. I am actually starting off my book with a story of Monash University, which has possibly the largest university campus in the city. It is about two kilometres from the nearest railway station. Almost invariably when you get off the train you see the back of the bus leaving the platform. You have to cross a car park and a major arterial road and wait in the rain for the next one. I know you will find this hard to believe, but I can produce the documentation.

Eighteen months ago SmartBus was introduced. Unfortunately, I have been around so long that I worry when I hear the word 'smart' because it usually means that you get the exact opposite. The train runs every half hour on Sunday mornings and the SmartBus runs every half hour on Sunday mornings. The SmartBus was timed to leave the station three minutes before every train got in. On Sunday evenings they both ran every half hour as well and the bus was timed to leave the stop at exactly the time the train got in. Since even the world's fastest sprinter would take two minutes to get from one to the other all that meant was that it was literally the case that as you got off the train you got to see the bus leaving the platform. Why did that happen?

Zurcher Verkehrsverbund requires 34 staff to run a bigger public transport system than Melbourne's, but we have over 1,000 staff in the Department of Transport. You would have thought that at least one of them might have checked to see if the bus time connected with the train time. Amazingly, they did not. I am happy to report though that the problem has been fixed. They actually published a timetable with the bus and train on it showing that it did not connect and still no-one twigged. I put this up on a slide at a presentation I gave at the *Garnaut Climate Change Review* last year and someone from the Department of Transport saw it. The way I heard it back to me was: 'There is Paul Mees being a bastard again. Just to shut him up, we'll change the timetable.' They do connect now.

So what is going on there? I think there are two things. Again it is jurisdiction. No-one is in charge. Whose job is it to make the bus connect with the train in Melbourne? It is kind of everyone's and therefore it is nobody's. Secondly, you have an organisation that does not have a culture that thinks that that is important. When we set up our franchised system of public transport the job of the department was to monitor things. They hired—and do not get me wrong; I used to be a lawyer myself—lawyers, accountants and people like that. They did not hire transport planners. If you are monitoring KPIs rather than running the show, you hire a different class of person.

It is actually quite difficult in a complicated network to organise for the timetables to meet because you will find that the average bus service will cross three separate train lines and it becomes a problem—to use the jargon—in operations research or optimisation to produce the maximum amount of connection. That is why it takes six people to do it for the entire state of Zurich! If it were really easy, they would only need two people! These skills exist.

There are very workable models for making it happen. The reality is that they are hardly being applied anywhere in Australia. Perth is probably the only really substantive exception. Funnily enough, they used to be applied in Canberra of all places. The Canberra bus system used to be structured with an express bus route that went from Tuggeranong all the way out to Belconnen via Woden and Civic. That was run with big buses. When you got to, say, Belconnen, you then got onto a normal sized bus. They were actually timed to connect with each other. At some point about 10 years ago they decided it was all too hard and just stop trying. It has become a bit like the rest of Australia now unfortunately. So it is partly organisation and it is partly corporate culture, if you know what I mean.

CHAIR—It sounds more like a scene from Thomas the Tank Engine.

Senator LUDLAM—Dr Mees, thank you for your very direct evidence and the submissions you have provided for us. We have heard a bit about this and it seems that what we have in Victoria are competition principles basically misapplied. It is like some theorist sat down and said, ‘Let’s make them all compete against each other and something efficient will happen.’ Is that part of what is going on here?

Dr Mees—I think you are precisely correct. Somebody got out a textbook—and again, I am allowed to make fun of academics because I am one myself. The original version of franchising in Melbourne was something that should have worked in theory. It ticked all the theoretical boxes. So we were going to have a competition and presumably the best person would win. If they won the competition they would get a monopoly franchise to run part of the rail or tram system. We set up the financial incentives so that if they did not attract enough passengers to cover their costs, eventually they would go broke because the subsidy profile was gradually declining over time. It was all perfect.

There was even an independent inquiry into it. Funnily enough, the government changed here within just a few weeks after the franchising system started operating. So, again, as a mirror of Western Australia, it has been bipartisan. Even the inquiry said, ‘Yes, it ticks all the boxes. It is perfect; you are geniuses.’ It did not seem to occur to anyone that if the private operators in fact discovered that they were not getting enough fare revenue to make profits they would not go broke. Instead, they would threaten to shut the system down unless they were given more money, which is of course precisely what happened. You had this wonderful system designed to accord with a textbook over here and, meanwhile, over here you had the real world which, as anyone who has been involved in, say, the building trade or the construction industry will tell you: if it is a big contract and your major contractor discovers that they are going to go broke then they have you over a barrel because you want the thing provided. So contracts are renegotiated all the time through what they used to call economic duress when I was in the legal industry. But the problem was that there was no plan B. Because we were so clever in Melbourne we designed a system that could not possibly fail; therefore there was no need to prepare for the eventuality that it might. It did.

Three companies were involved—two French firms and one English firm. The English firm, poor darling, which obviously did not know how to play the system, went home. There are three firms that dominate public transport in French cities—not Paris, where it is publicly run, but everywhere else it is privately run. There are three firms that dominate the market and there is a constant rolling series of scandals, with people being jailed and regulations being changed because their standard *modus operandi* is to underbid for a contract and then, once they are entrenched, they ratchet up the price. It even has a name. In the literature it is called ‘low balling.’ I do not know whether it happened deliberately here and, in a sense, it does not matter. But what all of our theoreticians, who were designing something out of textbooks, did not understand is that there is the real world in which people drive hard bargains. Most people faced with the choice of doing the right thing and going broke versus putting the screws on and demanding more money and doing anything that it takes to get more money will opt for getting more money.

My concern about the current franchising is that Melbourne now has an international reputation as a sucker for this kind of behaviour. If I were an international private firm I would be very keen to tender to be one of the next franchisees here, because I know that if I ever have

the slightest difficulty there would be no pressure on me to lift my game. All I will have to do is scream for more money and the government will give me more money. I think it is a very bad precedent that we have set up. The people who designed the system were not designing it to produce this outcome. They genuinely believed that they had found a way of squaring the circle. Unfortunately, it worked in theory but it did not work in practice.

Senator LUDLAM—We have private bus contractors running services fairly competently in Perth. What have they done differently? Can you just spell that out for us?

Dr Mees—It is sometimes very hard to explain the difference. It is the difference between franchising and subcontracting. It is the difference between saying to the bus operator, 'All the buses in northern Perth are now your business. You run this service; you do what you like. We will state minimum fares and service standards and so on, but it is up to you whether or not you connect with the train.' The fact is they would rather compete with the train than connect with the train if it was left entirely up to them. But, in particular, to say, 'We don't plan the system. We're a regulatory agency. You do what you like and we'll measure your performance against KPIs.' That seems to mean that under our system if the bus operators in Perth started misbehaving there would be nobody within the department of transport who would have the capacity to call them on it. In addition to that, there is also no organisational ability to interfere. As long as they are producing their KPIs you have to stand back and let it, kind of, rip.

The actual system in Perth is one which, from the point of view of the passenger, is the same as if Transperth actually employed the drivers and did everything. It is purely a subcontracting exercise. I think we have shown that we can do subcontracting, certainly for buses, anyway. I am not quite sure that, internationally, we have proved we can do it for trains, because you cannot open the phone book and find people who run train companies in the same way you can for buses. But I think subcontracting for buses has worked quite successfully in Perth. I think it has worked reasonably well in Adelaide. They do have problems, but I do not think they are caused primarily by subcontracting. I suppose, in a sense, in Queensland, the private bus firms are perhaps moving towards a state where they become subcontractors.

It seems like a petty distinction that would make hardly any difference but actually it makes all the difference. It is the difference between Transperth being in charge and being the bus operator, from the point of view of the public, versus the case here. Everyone knows that Connex is the train operator, not the government. It is a subtle distinction but once you are over one line, nobody has ever been able to make genuinely privatised public transport work, with the possible exception of railways in Japan. But there are lots of good examples of public systems that have used subcontracting and have done very well out of it.

Senator LUDLAM—Can it be fixed here, or is it just too hard? What would you do if you were in our position?

Dr Mees—The federal government are partly to blame for this, because federal governments of both stripes have kind of encouraged things being designed out of economic textbooks rather than with too much attention paid to the real world, unfortunately. We have had things like National Competition Policy, which probably has many good aspects to it in areas that I do not understand, but in transport it has kind of provided an impetus for the more extreme kind of theoretical, economist bureaucrat who really does think you can design the whole world out of a

textbook, to kind of run amok. So in a sense I think the federal government has pushed some of the states to behave in this way, although really only Victoria, which wanted to do it anyway, has taken it up on it.

It seems to me that there is a lot to be said for the idea that perhaps federal funding ought to be contingent on having proper planning and proper processes in place. Professor Hensher from the ITS, who appeared at your hearings in Sydney, is on the whole usually regarded as being at the opposite end of the spectrum on these things but one of the interesting things is that our views have converged over time, and I am happy to report that it is not because mine have changed. Professor Hensher is, I think, a much stronger supporter of the idea of integration than he might have been six or seven years ago. And, to be fair on him, I think he would say that it is because—I think it was Keynes who said this—‘The evidence has changed, so I have revised my theories in light of the evidence.’ I am not criticising him for that. Perhaps some way can be found to make federal funding for transport conditional on proper processes being in place that might result in it being used wisely rather than wasted. In some way the Infrastructure Australia concept is supposed to be about doing that but, with the greatest of respect to the people on the IA board—with the exception of Professor Newman from Western Australia—they are not the kind of people who have been selected on the basis of being able to provide advice about that.

Senator BACK—I listened very carefully to what you have had to say, Dr Mees, and I do think that often the success in these activities comes about as a result of a champion who enjoys the goodwill of both sides. In Western Australia we had Stuart Hicks, who probably was able to play that role over time.

Dr Mees—Yes, I think that is true. I think you are quite right.

Senator BACK—Hopefully Reece Waldock might do the same thing. You made the comment about franchising, and the other point was that in all of that franchising exercise it would appear that there was not a requirement or a demand for integration when those various activities were put out. In your bibliography you refer to your own proceedings in 2007, ‘Can Australian Cities Learn from a “Great Planning Success”’? That was from the State of Australian Cities Conference in Adelaide. Senator Ludlam has asked you where and how the Commonwealth should be contributing. Can I ask you: can the federal government learn from a great planning success? If so, what is it?

Dr Mees—The great planning success I was talking about in that case was Vancouver which has some mountainous suburbs, so it is not as un-Swiss as you could imagine. I like to talk about it because it wins all the world’s most liveable city awards that Melbourne used to win—I think Brisbane won one once as well. Vancouver started a long way behind Australian cities. Twenty-five years ago it did not have a rail system or anything. It had a few buses roaming around and public transport was nothing to get excited about. I think Vancouver actually demonstrates a couple of the things that have been mentioned already. It is certainly an example of solid political leadership at the local level which started with a couple of key individuals. Funnily enough, the people who started Greenpeace actually started off as transport activists. Once they had changed transport policy, they then went on, for good or for ill, to start Greenpeace. Some of them made their way through local government. One of the most interesting things has been the way in which transport policy change was a very grassroots exercise in which the City of Vancouver really led the charge. They have a kind of regional council there called the Greater

Vancouver Regional District. That district was next, then the province and finally, only very recently with things like climate change treaties and so on providing an impetus, they managed to get the federal government to the party. But it was partly about political leadership and it was partly about proper processes because they rigorously evaluate things there. It is very difficult to persuade transport policy makers there to give you money to build a new railway line because new railway lines are very expensive and so if, for example, the rail line is not going to carry 100,000 passengers a day they say, 'Please don't talk to us.' In Melbourne, carrying 100,000 passengers a day is supposed to be impossible, but in Vancouver that is the minimum for a light rail line.

One of the most interesting things, and I did include some statistics about this in the supplementary material that I attached to my submission, is that Vancouver is the only city in Canada where the average time taken to get to work has been declining for the last 15 years. Statistics Canada does a survey where it measures this. Unfortunately, we do not do an equivalent survey in Australia, so we do not know. I must say if there are any Australian cities where the average time taken to get to work is declining, I would like to hear about them! One's impression is that is not happening here. In Vancouver, they managed to do that at the same time as increasing the share of people who used public transport and also increasing the share of people who walked to work. They ticked all those boxes. But the thing that is truly extraordinary is that Vancouver is the only Canadian city that built no new major roads over that time and yet their population is growing faster than anyone else's. They did what land use planners, urban planners, city planners have been urging people to do for over a century now which is like the Holy Grail of planning. They promoted self-containment or the idea that we should make it easy for people to live close to where they work and study so that they are not travelling miles and miles. You can speed up the trip by bringing things closer together or by enabling people to travel faster. They have done a bit of bringing closer together and, funnily enough, one of the things that helped that happen was the fact that they stopped building major roads. They also put all their eggs in the public transport basket by upgrading public transport so that one of the reasons that the average time taken to get to work fell was because public transport is faster than it used to be. They now have a virtuous cycle starting from a low base, although they are doing better than us, in which trips are becoming shorter on the whole, more people are walking to work and more people are using public transport, but the average speed of traffic on the roads is in fact declining. That does not matter because the decline is offset by the reduction in work distance. I will not go into that in too much greater detail, because I can carry on about that for a long time—

CHAIR—You could but I will pull you up at quarter past two!

Dr Mees—This is the Holy Grail of transport and land use planning. This is what we have all supposedly been trying to achieve for a century and, for the first time, someone has done it. The thing that I find surprising is that you would think every town planner in the world would be standing on the roof with a loudhailer saying, 'Look, we finally achieved something as a profession.' For some reason it has not quite attracted as much attention as I think it probably deserves.

CHAIR—On that, we do appreciate your assistance to the committee. Thank you very much.

[2.15 pm]

ELLISON, Mr Edward Robin, General Manager, Franchise, Veolia Transport Australasia

PATERSON, Mr Mark James, Head, Corporate Affairs, Veolia Transport Australasia

STANLEY, Professor John Kenneth, Private capacity

CHAIR—Welcome. Veolia Transport has lodged submission No. 36 with the committee. Do you wish to make any amendments or alterations to that submission?

Mr Paterson—No.

CHAIR—I invite you to make a brief opening statement, followed by Professor Stanley.

Mr Paterson—Thank you. Veolia welcomes the committee's inquiry and we have, as you say, submitted a detailed paper to you. In our submission we touched on four key points which we would like to highlight today. But first I would like to explain why an operator of passenger transport would want to appear here at all. Veolia feel strongly that the operator's perspective should be heard. We also think that we have a unique perspective, being the only private operator of an urban rail system in the country here in Melbourne. Throughout Australasia Veolia is responsible for more than 250 million passenger trips a year served by more than 4,300 staff using more than 1,100 vehicles. We run trains, buses, a monorail and a light rail network. We operate in Melbourne, Sydney, Brisbane, Perth, the south-west of WA and also in Auckland. Australia's PT networks have suffered from decades of underinvestment as policymakers have focused on building cities around the car. Today we can see the disadvantages of this approach, in pollution, traffic congestion and social isolation. While governments at all levels are now paying much more attention to passenger transport issues and increasing public investment in infrastructure and services, there is much more that can be done.

Let me turn to the four key issues in the Veolia submission. The first is the question of investment. Veolia welcomes the decision of the Commonwealth to fund public transport infrastructure via the Building Australia Fund. In most systems around the country passenger numbers on public transport are growing. In Melbourne the train network alone has seen an 80 per cent increase in usage since 1999. There are almost 100 million more passenger trips a year now than then. The increasing demand and historic lack of investment mean that the network is struggling to deal with the influx of passengers. The only way to fix it properly is to invest. The states traditionally funded public transport infrastructure but they no longer have the financial capability to do it alone, and hence the need for the Commonwealth, with its wider tax base, to partner with the states and the private sector. It is terrific that the Commonwealth has undertaken such a rigorous approach to reviewing the projects put forward by the states via Infrastructure Australia. We would argue that passenger transport should get its share of those funds and the Commonwealth should be bold and support the right projects, not just divvy up the cash between the states based on population. In the context of a large Commonwealth investment, the private sector recognises that it should make more efficient use of current and future infrastructure. We must make the networks we run work harder and smarter. The changes we made here in

Melbourne to the operation of the network were a good example of that last year, and the pursuit of free travel prior to 7 am by the state government here is also a good initiative.

Our second point was about accountability, about separating the roles of operator and regulator. State governments that operate public transport networks are conflicted as both the operator and the regulator. We argue that franchising the operation of transport networks to the private sector would deliver better services and overcome the accountability problems. The history of state operated networks is mixed at best. As our submission shows, the private bus operators in Sydney are much more efficient than the publicly operated ones. Also the early case study of the efficiency of the rail networks in Sydney, Brisbane and Melbourne shows that the cost per passenger movement was much less in Melbourne for the privately operated network compared with both Sydney and Brisbane. Looking north for a moment, the special commission of inquiry into Sydney ferries conducted by Bret Walker SC demonstrated the multiple and serious failures of the current structural model for Sydney ferries. The New South Wales government is heading down the path to test whether the market can deliver better outcomes for the citizens of Sydney. Veolia and some other highly reputable companies are competing for the opportunity to run Sydney ferries and we are very confident that we will present a compelling case for improvement. With the right contract in place, the accountabilities will be very clear. Competition will ensure that the taxpayers do not get ripped off and the innovations and experience of the private sector will be made available to Sydney as they should be. Because the contract will be a partnership with the state government, the interests of the state and the passengers will be protected.

Further, to address the concern raised earlier by Professor Currie, Veolia as a private operator would be happy to provide public access to information about operational costs and capital investments on public transport networks it runs. We have nothing to hide. We pride ourselves on being opened with the public as to the issues that impact on public transport. Here in Melbourne, despite the issues it sometimes causes us, Connex provides more information about operational issues and reasons why things go wrong and go right than any publicly operated network in the country. We pride ourselves on being opened with the public as to the issues that impact on public transport. Here in Melbourne, despite the issues it sometimes causes us, Connex provides more information about operational issues and reasons why things go wrong, and go right, than any publicly operated network in the country. We also take the time to ask our passengers what they think. In Melbourne we introduced the meet our managers sessions in 2007. The management team, I and Rob and others, met with customers to get their direct feedback at city railway stations. This feedback was acted upon and a \$10 million 'We hear you' program was rolled out as a result. The sessions were well received by customers and have now been held in Auckland as well. We also conduct customer and stakeholder research and have a strong feedback culture within the business.

The third point of our submission concerned tax treatment, or could I say the mistreatment, of public transport by Commonwealth taxes. Currently tax concessions are granted for the use of private motor vehicles and actually encourage motorists to travel further than they want to or need to to avoid paying tax. Given that private motor vehicle use has such a profound impact on greenhouse gas emissions and urban congestion, the tax system seems to be at cross-purposes with other government policies aimed at reducing greenhouse gas emissions. Our present public transport fares attract no tax concession, they include GST, and salary sacrifice of public transport fares is not very common. In our view it would make better sense if either tax

concessions to private motorists were removed or similar concessions were afforded to public transport users. Given the positive impact on the environment inherent in public transport use and the efficiencies derived from high-capacity public transport, public transport fares should be a tax deduction. As has been noted by the UITP in their submission, the Canadian province of Quebec has adopted a measure to provide tax incentives to employers and their staff who use public transport. Obviously this change would come at a cost to the Commonwealth budget and that would be very difficult in the current environment. However, we contend that the Commonwealth must be focused on the longer term, and a more appropriate tax treatment of public transport fares, perhaps phased in over a few years, will benefit the community over time.

The fourth and final point relates to the CPRS and the fact that private motorists will again be protected from any increases in fuel costs due to the impact of putting a price on carbon. The irony is that the best form of transport from a carbon pollution reduction scheme sense is high-density urban rail, yet the input costs for it will increase due to the spike in electricity costs and these will presumably have to be passed on to the public transport users via higher fares in some form. So the public transport user has to pay more while the private motorist is protected. This is a truly perverse outcome. We argue that the Commonwealth should invest in quality public transport infrastructure and should get the states to have the private sector play a greater role in public transport service provision, and it should amend the tax system to give incentives for greater public transport use. If this is done, privately operated public transport will deliver high-quality passenger outcomes while reducing our carbon footprint.

CHAIR—Thank you. Do you wish to have anything to that, Mr Ellison?

Mr Ellison—No, thank you.

CHAIR—Professor Stanley.

Prof. Stanley—Thank you. I want to talk about three things in my submission today, firstly about the sustainability of our current land transport systems, secondly the role of public transport in improving that sustainability and finally the role of the Commonwealth, the federal government, in enhancing that sustainability. Australia's current land transport systems are not sustainable, for three particular reasons. Firstly, the level of congestion costs, which is plainly a problem in our cities. The Bureau of Transport Economics has estimated that at \$10 billion and I am sure you have heard from many submissions that those numbers expected to double by 2020. Greenhouse gas emissions are the second area I want to talk about. That is not only an issue in metropolitan areas but also an issue in rural and regional Australia. The third area I want to talk about is social exclusion and the role transport systems play in reducing social exclusion, and that is also an issue in regional and in metropolitan areas.

The scale and significance of these three issues is such that solutions are in the national interest. These are not parochial state-based issues; they are issues of national significance. As I have said, congestion costs \$10 billion annually. Transport is Australia's third-largest source of greenhouse gas emissions and it is the second fastest-growing source of emissions, the estimate being that emissions will increase by about two-thirds from 1990 to 2020, and very large numbers of Australians, particularly in rural but also in outer urban areas, are severely disadvantaged by the transport options that are not available to them. Public transport can play a

role in improving sustainability in all those three areas, and I therefore put it to you that improved public transport is in the national interest.

Because of shared responsibilities between levels of government, the national interest in more sustainable transport systems and improved public transport demands a joint approach across levels of government, with federal leadership, along the lines we are seeing in Canada, and partnering relationships with other governments. In most cases that is with a state government, but in Queensland it is also with Brisbane and, if you get outside the cities and bring in regional areas, it is important that local government is involved there as well. Federal governments in the US and Canada are well aware of this and for some time have been using arguments to do with congestion, with social exclusion and with greenhouse gas emissions to, if you like, support their involvement in public transport—particularly in the US but more recently in Canada.

The sorts of changes that we need, in our cities in particular, in our transport systems to improve sustainability are not incremental; they will be transformational changes. A few months ago I ran a conference for the Australian Davos Connection, and you may have been given copies of its report *From incrementalism to transformational change*. I chaired the organising committee of this conference. The basic thesis was that we do need transformational change, in particular in our cities, and that the transport systems sit underneath that if we are going to achieve sustainable outcomes for the 21st century. I think the Building Australia Fund provides a unique opportunity to engender transformational change and deliver the federal leadership that I talked about.

More sustainable transport in our land transport area is not just about money. If we are going to deliver maximum benefit from, in particular, improved urban public transport systems, long-term strategic approaches to system planning and delivery are required. Dr Mees talked about one model for that. I have to say to you that, in my experience of the systems that exist around the world, there is no such thing as the right answer. You can get the right answer with a range of different systems in those areas. Land-use planning and transport planning need to be undertaken in a much more sustained way, and part of the answer to that is going to be that we must have increased densities in our cities if we are going to achieve more sustainable outcomes from a long-term point of view. I believe Professor Rob Adams made a presentation to you in Canberra about his idea of linear cities. I would suggest that Vancouver is a very good model, but Curitiba started about the same time as Vancouver, in the 1970s. It is a linear city model, and I think that is what we should be looking at much more closely for our cities in Australia.

One problem that I talked about in the summary chapter of this report is that Australian governments typically adopt short time frames, which is not the way to get sustainable outcomes when we face the sorts of challenges that we as a community face at the moment. The Building Australia Fund, I believe, provides an opportunity to attach some conditions to grants that may be given for project support in states to ensure a long-term and more strategic approach, which adopts integrated land-use and transport perspectives, is taken.

What sorts of public transport improvements are likely to be sustainable from a long-term point of view? If you are looking at the congestion and greenhouse arguments then it is time we made a start on a metropolitan rail network. I do not mean three or four projects; I mean at least one or two—one in Melbourne and one in Sydney—to get this thing going and show that it can happen. We need to be spending much more on trunk bus rapid transit services, particularly

cross-town, servicing major nodes that are developing in our cities. We need to increase the frequency and span of service improvements. Paul Mees talked about Melbourne's SmartBus. What he did not tell you was that those services improved their patronage by 50 per cent in four years. It was a remarkable achievement. Better information services are an important part of growing patronage and, if you are going to achieve a greenhouse gas emissions target that Australia is going to have to look for long term—and I am talking 80 per cent, not 60 per cent, by 2050—then we have to do something about mandatory fuel economy standards for motor vehicles. That has not much to do with public transport, but I make that point and leave it with you.

With regard to social inclusion, my belief is that the key to dealing with social inclusion from a public transport point of view is to adopt minimum service levels across our cities and regional areas. We have demonstrated in Melbourne that, if you implement a minimum service level of an hourly service running from about six o'clock to 10 o'clock, you can get very significant increases in patronage and reduce the risks of social exclusion in the outer suburbs. Melbourne bus patronage has grown by 13 per cent in the last 12 months. That is unheard of anywhere else in Australia. The Australian Transport Council should lead the adoption of national standards of access for urban and regional areas.

The Building Australia Fund is, I believe, a unique opportunity to assert the national significance of sustainable land transport systems and the role of public transport in contributing to improved sustainability. It is also a unique opportunity to begin an ongoing federal commitment to improved Australian public transport systems. We have never had that in Australia, and it is time we did. It is also an opportunity to start driving transformational change in Australian transport systems and services to improve that sustainability. Thank you.

CHAIR—Thank you, Professor Stanley. You mentioned that Dr Mees talked about the SmartBus system but did not mention there was a 50 per cent improvement in patronage. Why was there a 50 per cent improvement in patronage?

Prof. Stanley—I was chairman of the Bus Association Victoria at the time that program was initiated and we worked very closely with the state government to identify the main drivers of demand. The main drivers of demand came through as service frequency and reliability, and that is universal. In Melbourne we did not have that. The targeting was at least a 15-minute service most of the day, with half an hour outside the peak periods. Those service frequencies were fundamental in driving those patronage increases.

CHAIR—So there were SmartBus improvements, but we heard that the standard joke was that you were getting off the train and looking at the end of the bus. Did the 50 per cent improvement come before or after you got the timetable integrated with the trains?

Prof. Stanley—Notwithstanding those mistakes, that 50 per cent improvement was achieved. There is always more that can be done to improve integration of services. Paul did talk about the problem of buses running across two and three train lines, which make selection a difficulty, but there is no excuse for trains that arrive three minutes after the bus has left. The bus should be leaving after the train.

CHAIR—Thank you. Mr Paterson and Mr Ellison, we really appreciate having operators appear before us so we can hear from you. We have toured four states now and there has been a great representation of public transport users, bicycle groups and councils; you are the second operators as such. I understand that some questions we ask you could be a little bit touchy in terms of your relationship with who you are contracted to, but you guys are at the pointy end and if it all goes bad you get blamed—it is simple as that. I have flicked through your submission and I see that there is not a state in Australia where you are not, so you would obviously be able to tell us where it is done properly for what good reasons, and then where it is done absolutely terribly, for obvious reasons.

Mr Paterson—I feel I am being set up here.

CHAIR—No, and that is why I am saying to you that if it is a bit touchy I fully understand that. As has been said, we can go in camera, which is a private session when we ask everyone else to leave the room.

Mr Paterson—No, it is fine. We do not operate in South Australia, by the way.

CHAIR—You are not in South Australia?

Mr Paterson—No, not yet. I think it is worth saying that from the operator's perspective we can work in almost any operational environment; that is one of the things we can deliver to the table. There are genuinely good parts of every public network where we operate. The governance arrangements in Perth are very different to those in Melbourne and yet, from our perspective, they both work. Even in Sydney, where we operate buses in the south and south-west and we also operate the monorail and the light rail, which are two very different systems, they both seem to work from our perspective. The only state in which the urban rail system has been franchised is for Melbourne. We would argue there are great benefits to Melbourne, despite what Dr Mees might say. Given the various pressures and the patronage growth et cetera, we still believe that better outcomes have been achieved through efficiencies and benefits, and the private operator has been able to bring some experience from overseas to that as well. I am not trying to avoid the question but in each of the states there are different models and they each work to varying degrees, I would argue.

CHAIR—Okay. I am very envious of Melbourne's public transport system in the CBD, and I have said on a number of occasions that no-one does it better in terms of clearing special events, a la the football and what not: you are brilliant, and I take my hat off to you. But what has been put to us today is that once you get out of the CBD it is not that flash in terms of cross-servicing. I find it hard to believe that to get from Carlton to Collingwood there is a 30-minute wait for a bus and that is beyond your control. How good would it be if there was integration of smart ticketing and timetables between all modes of public transport in Melbourne?

Mr Paterson—Obviously that would be a major improvement, and I guess the smartcard ticketing has been a long time coming, but we are convinced that when it does get here it will make a major difference to the way the whole system operates and integrates better. There has been a lot of talk about the train arriving and the bus leaving. The key to getting that right is actually bus frequency. As John mentioned, if you move from 30 minutes to 15 minutes or even better to 10 or five minutes, there is no issue about integration and there is no issue about

coordination because you do not have to wait very long anyway. It is much more difficult to alter the train timetable and the train operating patterns than it is to operate a bus network. So the key to that is absolute frequency. You see that where governments invest in frequency the whole issue just goes away. Obviously the plans that the Victorian government has here, and those of other states, to massively increase investment in bus networks will solve that problem over time—there is no question about that.

CHAIR—I do understand that because we are talking about a multi-injection of funds to get frequency increases, but I would not have thought that it would be that hard if the left hand spoke to the right hand and said: ‘The train is going to be here at X time. Can you be there five minutes earlier?’ I may be missing something and I am sure you will help me out, but that would not be an extra cost, surely?

Mr Paterson—Probably not, but I think one of the other ways to get around that problem is to have more information about the train network at the bus stop and vice versa.

CHAIR—I will wholeheartedly agree that the buses should work around the trains; I do not argue with that.

Mr Paterson—Where there has been investments made in getting information about train arrival times at bus stops, you have seen a big increase in the coordination there. One of the other things we tried was to have bus drivers of certain bus lines subscribe to the Melbourne SMS update service. That gives you notifications of when the train is arriving and whether it is on time or not. That sort of information actually makes a big difference. So the bus driver knows if it is going to be a one minute wait as opposed to a 10 minute wait and he, with some discretion, can make a call as to whether he waits for that train or not.

CHAIR—So you do not have that now?

Mr Paterson—In some places that does exist and it actually makes a difference. That is something we need to do in the universal sense, given the money that is available to us.

CHAIR—I have witnessed the Perth bus system where they are all on two-way radios and there is talking going on all the time. You will see a bus sit in a bus stop specifically because he or she might have picked up a bit of time and got a few green lights and then moved on. Do you have that same system of constant contact here in Melbourne?

Mr Paterson—I am less aware of the bus side of things. Maybe John can help.

Prof. Stanley—A lot of the operators do that, yes. It is a no-no to ever run ahead of schedule, so they certainly try to keep to the schedule. But I think that the key point is the one that Mark made—that is, if trains are running to a 10 minute frequency and buses are running to a 15 minute frequency, it is very hard. The bus timetable needs to be a multiple of the train timetable—15 and 30 or something—so that you can at least meet every second train.

CHAIR—Yes, of course. Is it seen here in Victoria as trains versus trams versus buses?

Mr Paterson—No, not at all. I do not think that it ever has been, really. We regard ourselves as part of a wider industry delivering a product to customers. A lot of our customers catch trams and lot of tram customers catch our trains and buses and vice versa. They actually work very well together.

Mr Ellison—The franchise arrangements have an incentive scheme for us to work together even if we did not want to because we are sharing the same revenue pool. So whatever the revenue pool is, both the tram franchisee and the train franchisee get a set percentage. It helps us when tram revenue grows and vice versa. So the way it is set up means we work together. There is also an institution here called Metlink, which both the tram franchisee and the train franchisee are shareholders of. That currently looks after the system-wide marketing and information service for the metropolitan system as a whole. That meshes in well with the multimodal ticketing system that we have. So the way that it is set up is designed for people to work together—tram and train franchisees and buses.

CHAIR—Okay, thank you. I have one question that I want to ask before I go to my colleagues, and it was a carryover from the public hearing in Perth. I think it was transport sustainability that talked about the current Melbourne rail system taking additional rolling stock. We heard in Perth that the current rolling stock was the same as 1975, despite addition of a new loop to the system. What is the capacity? Is it at full capacity now here in Melbourne?

Mr Ellison—Are we talking about the infrastructure or trains?

CHAIR—I am talking about your rail system compared to your rolling stock.

Mr Ellison—We definitely need more trains. In the past 10 years our patronage has grown by 80 per cent at the same time as the fleet has increased by about nine per cent. To be sure, there were efficiencies we could make in the system and there was, if you like, fat that could be used to better utilise the rolling stock. But all of that has now happened and we are into a deficit. The deficit is congestion. So as patronage has gone up much faster than the availability of rolling stock, we now have a much more congested system than we used to, and the result of that has been a decline in punctuality standards and also a decline in customer satisfaction because people do not like the extent of overcrowding that has occurred on the system. So we definitely need more trains and that is why the state government has gone out and, over several decisions, ordered additional trains.

CHAIR—I am sure that the feedback sessions were very interesting, but I had better flick to my colleagues. Senator Hutchins.

Senator HUTCHINS—This franchise system, what equipment does Connex and Veolia own?

Mr Ellison—Here in Melbourne you mean?

Senator HUTCHINS—Yes.

Mr Ellison—Virtually none. All the trains are owned by a series of banks and the state has ultimate control of those.

Senator HUTCHINS—What about the lines?

Mr Ellison—The same—infrastructure, all the same.

Senator HUTCHINS—Are you responsible for the maintenance of the lines?

Mr Paterson—Yes, we are

Senator HUTCHINS—You are responsible for the maintenance of the line, the trains and trams?

Mr Paterson—Not the buses, no. For the train network we are responsible for the maintenance of everything above the track, including the track itself.

Senator HUTCHINS—Explain to a non-Victorian how the franchise system works. Are you obliged to have so many trips a year?

Mr Paterson—No. There is agreement about the timetable and we cannot decrease the number of services without the state's agreement. In fact, we have been increasing them quite dramatically. We work with the state very closely about a plan each year on maintenance. We agree certain work needs to be done to certain levels and certain standards. We are in constant discussion with them about how to improve the network. So, with the state, we went down the path of what is called the network development partnership, whereby we got together and said that to deal with the growth in patronage that we expect, the current network cannot cope with that so we need to make some changes. The changes we made here in Melbourne last year in terms of changes of the operation of the loop for certain lines, which relieved some of the congestion in the city loop, was a good example of us working together and taking some tough decisions. That was not necessarily popular with the customers, but to actually improve the quality of the network and actually make the network work a bit harder pending the long-term investments that are coming down the track either by the state government or through the building Australia fund. So it is actually quite a good cooperative relationship between us and the government, I would argue.

Mr Ellison—In addition to all of the works programs, which are specified on an annual basis and approved by the state, we also do an annual business plan which talks about the whole range of business initiatives in customer service or whatever that we propose. The state can effectively agree to them when the business plan is adopted.

Senator HUTCHINS—How do you resolve disputes between yourselves and the government?

Mr Ellison—We talk.

Senator HUTCHINS—Is there an independent mechanism or body, and is it either you do it their way or you walk away from it?

Mr Ellison—We have never had to use that. We have never had to go down the independent expert route. We have always worked together in partnership to resolve issues as they arise.

Senator HUTCHINS—I just want to ask a question of Professor Stanley. You mentioned that one of the areas that will overcome some of the difficulties in the future is increased densities in the city. I am from Sydney, like you are. You would know that, like almost any city in this country, inner-city housing prices are extremely high and rental accommodation is extreme high as well. One of the things over the last 12 months that the Lord Mayor of Sydney has been carrying on about is the lack of people who are not merchant bankers or high-priced corporate lawyers, but someone to deliver the milk in the morning—those sorts of semiskilled jobs. What is the plan to have affordable rental and non-rental accommodation when making cities more dense? I just cannot see that on the horizon

Prof. Stanley—Senator, I actually live in Melbourne; I visit Sydney to teach transport—

Senator HUTCHINS—I just saw that you are at the premier university in the country—the University of Sydney.

Prof. Stanley—I am; I teach transport policy there, but I am a visitor. I will talk about that in relation to where Melbourne is going, which I think has a lot in common with where Sydney has been, and that is based on the idea of suburban nodes. The Victorian government has recently announced six nodes places—like Broadmeadows, Dandenong and so on—and it intends to increase development densities in those areas. One of the key purposes of that is to get jobs closer to people.

Senator HUTCHINS—Or people closer to jobs.

Prof. Stanley—Sure; have them close together. That is partly to do with affordable housing as well. I am actually a director of VicUrban, which is the government housing agency in Victoria. It will be active in some of those areas in terms of increasing the supply of lower-income affordable living housing. The idea of higher density development along major public transport routes, which Professor Rob Adams has talked to your about, involves, in some versions, a requirement for 20 per cent or 30 per cent affordable housing as part of those developments, with a view that, if you free up the planning restrictions and allow higher density development—perhaps without even any rights of appeal to the standard tribunals, if it is not a heritage area—there will be a capital gain to the person making the development and the price of that capital gain is the inclusion of affordable housing in the development. The Victorian approach is really to focus on the nodes and I think those links as well to try to make sure that affordable housing is developed as part of that process.

Senator HUTCHINS—How far is Broadmeadows from here?

Prof. Stanley—Broadmeadows is about 30 kilometres from here.

Senator HUTCHINS—On one of Mr Paterson and Mr Ellison's trains, how long would it take to get into the city?

Mr Ellison—About 30 minutes.

Prof. Stanley—Broadmeadows is a major manufacturing and logistics centre, and I think it has a strong future in that area. But you need more jobs of the kind that you talked about as well.

You need a spread through the range of activities for jobs and you need the housing that runs with that.

Senator BACK—I am at a loss to understand. On the one hand, we have heard that we are at capacity here and, on the other, we have heard from Dr Mees that we are nowhere near capacity and we see figures quoted on what happens in Tokyo and elsewhere. Can you tell someone who does not understand this why there is such a divergence of view? Is it because trains in Tokyo go faster or they are longer? Is there in fact unused capacity—before someone starts investing heavily in new capital?

Mr Paterson—That is a fair comment. In terms of the Melbourne situation, I think there are a few things worth mentioning. One is that the City Loop, which is much lauded, was not actually built to the specs that it was originally designed for. Secondly, since 1999, there has been an 80 per cent increase in patronage, and there have been no changes to the signalling headways and, largely, no changes to the rolling stock. This means that you have many more people getting on and off trains in City Loop stations and it takes longer and longer. The City Loop assumed, I think, 20 seconds for people to get on and off, but it can take up to a minute and a half these days.

Senator BACK—Because of more people?

Mr Paterson—Largely, because of more people. The combination of those things means that the theoretical capacity of the loop cannot actually be achieved on the ground for one day. We are not arguing that not one more person can fit on a train; that is a ridiculous notion. We have never said that. In fact, the changes we made in Melbourne last year meant that, by taking some trains out of the loop, the system was starting to get untangled. However, with the expected growth in patronage over the next 20, 30 or 40 years, you cannot simply add more and more people to a congested system. At some point, you need to invest heavily in a different way of doing things.

We have argued that the Eddington Tunnel—as it has become known—is one way of doing that, and probably the best way. Is it expensive? Of course it is. But it is about setting ourselves up for the patronage growth of the future and setting ourselves up for a time when public transport use is going to increase as people turn away from motor vehicles for environmental and other reasons. We are trying to plan for that long-term future. For once, I think we are putting the view that, if we invest in this infrastructure now, we will actually plan to get ahead of the demand curve. At the moment, we are trying to play catch up.

Senator BACK—Speaking of transformational change, Professor Stanley, which suggests high levels of funding input, presumably in the past the Commonwealth must have made significant allocations to the states and I gather there has not been an enormous amount of accountability—or has there? Secondly, going forward, if it was the decision of the federal parliament to make more significant allocations, on what basis should they be made and how can we report back to the taxpayers that the funds have been wisely spent?

Prof. Stanley—One of the difficulties in the past has been that objectives have never been clear. I think there is a very strong case for federal involvement because of the national interest in the issues that I talked about. The federal government needs to be clear about what objectives

it intends to get out of that process if it is going to put substantial amounts of money in, and I think it should put substantial amounts of money in. In the past there have been matching requirements and conditions put on funding but mostly in relation to road programs. There has not been any ongoing federal program apart from when Brian Howe was the Deputy Prime Minister and he had the Better Cities Program.

Going forward, it is probably talking about taking up the model that was used in road programs back in the 1970s when the Commonwealth was providing funds to the states for various sorts of road purposes but conditions were attached to those grants. I think that is what you should be doing now in this process. Some of those conditions should be two of the things I talked about. The states should not be getting any money that has not got a five-yearly updated transport plan. We have seen a number of transport plans around Australia come forward in the last few years. You would have to say that they have been produced much quicker than you would expect a well thought out transport plan would be produced. This is something that needs to be done on an ongoing basis. The US is much more used to this. Under the US federal funding they require metropolitan planning organisations to be in place in cities. I would have thought something like that. Evidence of an integrated approach to transport and land use is another condition you may wish to put on, and objectives in terms of congestion, greenhouse gas emissions, social inclusion as a price, plus some conditions on the way planning processes are done in terms of a long-term approach to integration, transport and land use.

Senator BACK—To ensure that those five-year plans are undertaken successfully it could be a two-part funding exercise. The Commonwealth could assist at that lower level and when it was satisfied that the outcomes are likely to be met it could then link it to more substantial funding.

Prof. Stanley—I do not think it would happen if it was done in that order. I think the transformational change is going to require fairly big amounts of money so the Commonwealth needs to be involved therefore in fully understanding the planning processes and the evaluation and so on that are being done to justify those major expenditures.

Senator BACK—The injection of funds to the states from GST revenue? You do not think that has been sufficient or is going to be sufficient into the future to achieve what you are talking about?

Prof. Stanley—No. We are talking about very substantial increases. The cost of these projects—you are talking about \$8 billion or \$9 billion for Melbourne and in the 20s for Sydney, given the scale of the sorts of projects they are talking about now. It is inconceivable that you could do all of those but you need to get a couple of them going and that is going to take a substantial amount of money. But it is only with projects of that scale, it seems to me, that you can get transformation.

Senator LUDLAM—Thank you for coming in this afternoon. I am puzzled at the disconnection between some of the evidence we have already heard and some of what you have presented today. There clearly seems to be some gaps, at least in interpretation. Speaking strictly for Melbourne, if the Commonwealth was going to, as we are suggesting, provide substantial amounts of public funding for public transport, where would you advise that it go? What is needed the most here?

Prof. Stanley—I would be putting money into the first part of the metro project in Melbourne, which is the one which I think has been talked about through Infrastructure Australia, which is the western part of that link. That is really important. The other thing that ought to be a major focus is cross-town SmartBus projects. We are seeing those at the moment in terms of simply competing with existing traffic in the arterial road network. We have to do much more to get bus priority operation. I would be looking at some road improvements to facilitate bus priority in the cross-town routes.

Senator LUDLAM—The metro seems to be a bit of a preoccupation in Sydney as well—the really fantastically expensive underground rail. It was pointed out by Dr Mees that there has not been an extension to the suburban railway to the extremities of the network since 1930. So why the preoccupation with funding central rail links and not extending the network out into the suburbs?

Prof. Stanley—I think the rail specialists would probably answer that better than me. My view would be that we need the capacity in the inner part before we can take what is going to be extended on the fringes.

Mr Ellison—That is it in a nutshell. We have extended the electrified system in Melbourne on a number of occasions since 1930. We extended the electrified rail system to Cranbourne, Craigieburn, Sydenham all in the past 10 or 15 years. Each time we extend the electrified system it adds to the catchment area of the electrified system and basically puts more people into the system. The Eddington study and others have shown quite conclusively that the inner core of the system and the system which feeds that will both hit the wall in a very short time unless we do something radical—something transformational.

Senator LUDLAM—I am presuming you have read these studies by Dr Mees that he has provided to the committee. He says that in fact we are accommodating fewer trains now. Flinders St was handling 113 suburban trains at rush hour in 1929. In 2008 it accommodated 94. There is a lot of spare capacity in the system. Can you please untangle the contradiction between this work and what you have presented today?

Mr Ellison—That would take some time. The system we have now is quite different from the system that existed 70 years ago in many, many respects. The fundamentals of transport demand now are quite different from what they were then. The city is geographically many times bigger than it was then. The average trip length is many times longer than it was then. The peak is much more concentrated now than it was then. We have had the city loop overlaid onto the system. As well as that, we have not had the additional infrastructure built in the suburbs that was postulated when the city loop was constructed. There is a raft of differences. There are more differences than things that are similar. Unless you sit down and analyse all of them it is very hard to take the simplistic analysis.

The other point to note is that Dr Mees's theories about this kind of thing have been around in Melbourne for many years. As part of the evaluation process that was gone through by the Eddington study, they looked in some detail at the fundamentals of transport capacity and demand in Melbourne to see whether there is something that everyone is missing, some magic pudding that we could take something out of. They could not find the magic pudding. After spending a considerable amount of time and effort they produced a report which basically

outlined in a very technically correct away why we have a capacity shortfall now and why the comparisons with 1930 are too simplistic to be of any benefit.

Senator LUDLAM—Two hundred kilometres of light rail have been costed in Perth at about \$5 billion and you are proposing to spend \$8 billion here on one underground loop into central Melbourne. It is a vast amount of money—the entire Building Australia Fund amounts to about \$8 billion these days. Is there any potential to rethink the priority for public transport here or are we really stuck on this tunnel in inner Melbourne?

Mr Paterson—It is a large amount of money but we are saying that it is still the best way to spend it. The fact that it is expensive does not mean it is wrong. Answering your first question, in our submission to IA we made the point that you need to do the east-west rail tunnel but also the Tarneit link in the western suburbs because not only has there been a massive growth in urban rail but the growth of the regional—the V/Line—network is massive as well. On that corridor coming from the west you have urban and regional trains competing for track space, and they are causing problems for each other. To separate out the regional and urban trains from the west would actually make a massive difference to the operation of the network, which is the other project that we said should be funded as well.

Senator LUDLAM—So that is getting the regional rail lines off the same tracks as the suburban?

Mr Paterson—Where that is possible, yes.

Senator LUDLAM—One of the sharpest criticisms—and we will put this to the state government department when they are here a bit later—is of the lack of an overarching coordinating body that is not competing with anybody but is just looking after the interests of the user. Do you agree with that criticism of the Melbourne network?

Mr Paterson—No, I do not think so. I think the fact there is no person with the title ‘coordinator-general’ does not mean there is no coordination happening. I do not think it is as black and white as Dr Mees paints it. But you are right, the state government will speak for themselves and they are more expert in that area than we are, I think.

Senator LUDLAM—I put it to you that there are a lot more people than just Dr Mees who have put that to us. Around the country we have varying degrees of coordination and Melbourne and Sydney do not really have that, and Perth does—the integrated ticketing, the making sure that people—

Mr Paterson—There is integrated ticketing here in Melbourne already—it is not a smartcard but it is integrated.

Mr Ellison—It is integrated now; it was integrated well before the other states.

Mr Paterson—It has been integrated for 20 years. You can get the same fare and you can go on a bus, a train and a tram. Integrated ticketing already exists.

Senator LUDLAM—That is good to hear.

CHAIR—Thank you for your assistance to the committee. We will now take a short break.

Proceedings suspended from 3.00 pm to 3.17 pm

FRISTACKY, Ms Jackie, Chair, Metropolitan Transport Forum

STRAIN, Mrs Susie, Executive Officer, Metropolitan Transport Forum

CHAIR—Welcome. The MTF has lodged a submission, which we have numbered 114, with the committee. Do you wish to make any amendments or alterations to your submission?

Ms Fristacky—I just want to correct the second line.

CHAIR—On page 1?

Ms Fristacky—Yes. It states, ‘a membership of 20 metropolitan local governments’. It is now 18. One was a member last year and in the case of another, a motion has been formally passed, but they have not paid.

CHAIR—We know all about that! If they have not paid, they are not in. I invite you to make a brief opening statement before we go to questions.

Ms Fristacky—I will be brief because I appreciate you have questions for us in relation to local government. I thank you for the opportunity. Having a Senate inquiry into the issue of public passenger transport infrastructure and services is, I think, an historic event. There are many elements of our submission I appreciate will be in common with submissions you have had from a wide range of other people and in submissions today, so I do not want to go over that. In order to illustrate our submission I do have some additional documents that I would appreciate you having in front of you. We will put some background on the submission and highlight aspects of it.

CHAIR—Thank you.

Ms Fristacky—These five pages are basically tables and graphs. First of all, I want to highlight the changes in travel patterns. These are tables from Todd Litman, who is with the Victoria Transport Policy Institute in British Columbia, but I think they are apt for our conditions. We have not done quite the research that Mr Litman has. It shows you the decline in passenger vehicles or vehicle mileage and the increase in transit trips. ‘Transit’ is American for public transport. You can see the increase. We had a high increase, up to 10 per cent, in 2006, 2007 and 2008, and you have heard submissions on that. You can see the decline in vehicle mileage. I just want to put that in context. We have an international trend, and it is replicated here in Australia, that there is demand for travel by public transport and there is a need for meeting that demand, and I think we have made that comment.

The other table is an indication of the investment in roads and highways. When the highway system was developed in the fifties and sixties it provided high returns, and you can see 30 per cent returns. That has now evened up, and you can see that the idea of getting public-private partnerships for roads is problematic because the economic returns have declined. There are a range of reasons for that in terms of saturation and so on. I do not have time to go over those, but

elements are increased traffic, parking congestion and so on. I just want to leave you with that thought: there are not the economic returns for investing in roads that we had in the past.

Page 3 of our submission sets out the benefits of public transport investment. You have had many submissions on public transport investment in terms of congestion, greenhouse, productivity et cetera, which moves on to what we have said on page 2. When you are evaluating roads versus public transport, there are a lot of costs that are often overlooked. People say, 'It's too expensive to invest in public transport and cheaper to invest in roads,' which is absolutely wrong, and I am sure you have had submissions on that. The reason why it is wrong is that a lot of costs are overlooked when you look at the costing for road construction. We have covered some of them on page 2 of our submission, where there is an extract which sets out the issues which are not covered in conventional costing. It is important to have proper costing which takes into account those externalities, and we have argued for that in our submission.

The third element is the market distortions. You have had lots of submissions on that in relation to the taxation treatment and the subsidies and grants system. From the federal perspective, the No. 1 thing that should emanate from this inquiry is to deal with the distortions in the funding, grants, subsidies and tax treatments. The way the federal budget is and has been organised is to disadvantage investment in public transport. We have had submissions from employers who have said that they want to do the right thing by the economy. They have public transport passes but are disadvantaged for trying to do the right thing. They are paying the extra FBT, which is something that fundamentally should be removed. There are a lot of market distortions. While this is identified in the US, we have similar sorts of distortions in Australia.

The table on the bottom of page 3 discusses the productivity associated with investing in urban transport. MTF has been concerned with that in terms of employment generation. Every dollar spent in investing in public transport returns more in terms of employment generation than it does in roads. That graph is intended to show that. In our submission we highlight the paper by CityRail which assessed the externalities and so on. They ascertained that every dollar invested in the rail system returns \$1.80 to the New South Wales economy. We should be having more of that research to ascertain the impacts. That is absolutely fundamental and is consistent with the second table on page 3 of the handout.

Secondly, you have heard the social inclusion arguments from Professor Stanley that housing is cheaper in the outer suburbs but the suburbs are poorly serviced by public transport and people pay a high premium on transport costs. You can see in the table on page 4—and again, this is American, but it is the same in Australia—that the percentage of monthly household expenditure on transport is much higher in the outer suburbs and the perimeter of the cities. Obviously there are longer distances, but there are not the urban passenger transport services. You can see that the households on lower incomes spend more on transport than those on higher incomes, so this is a pretty critical thing in terms of social equity and the need for improved urban planning and integrating urban and transport planning in those outer suburbs.

Finally, the benefits of public transport as against road investment are set out on the last page. We would say that projects should be assessed on the basis of those externalities and other cost-benefits so that you can see where the true cost-benefit to society is in terms of overall land use and planning objectives. We are happy to answer questions. I appreciate that you did ask about

the role of local government in this area as far as the federal government is concerned, and we are happy to answer on that if you wish.

CHAIR—Thank you, Councillor Fristacky. We will go straight to questions. I am sure there will be a few.

Senator LUDLAM—I will start with the bottom graph on page 3. Thank you very much for your presentation and your submission on economic development. I am presuming from the graph, which is from Canada, that the economic development benefits of public transport will only really accrue if you get your land use planning right as well. You have talked about agglomeration economics and so on there. Do you want to speak a little bit about what comes to your cities if you get public transport right? What else do you have to do to get public transport right?

Ms Fristacky—Apart from land use planning?

Senator LUDLAM—Yes. For example, it mentions jobs created per million dollars of expenditure, but we have heard already that just looking at the raw dollars does not show the whole picture. You have to do other things well also.

Ms Fristacky—We have had submissions on coordination. There is way-finding signage. You have heard the integration arguments, and that is pretty critical. There is knowledge and understanding, so it is part of communication marketing with people. Those sorts of matters, I guess, would be more roles for the states and local governments combined rather than for this inquiry because we are looking at the macro picture here from your perspective, but they are the main ones.

Mrs Strain—I think we need to get the planning scheme right as well to capitalise on the benefits of having those superior facilities and localities for public transport. That is part of *Melbourne 2030*, and I am sure you are aware that those concentrated land use plans to reduce sprawl are very much part of combining the land use plans and the planning schemes around those transport nodes. Then you get all the benefits of the transit development and these types of things. I think also that the other skill local government brings to bear there is its work with the community in that there is an education awareness program that needs to go through with installing those land use plans. The metropolitan local government in Melbourne have put a lot of work into planning schemes to intensify around activity centres. For those to work they really need good quality public transport to take the pressure off the car system so that those activity centres and the activities there are attractive to developers and residents. So I think there is an important role for local government with its planning schemes in that regard.

Senator LUDLAM—The reason I asked that question is because it has been put to us fairly reliably that, sure, the Commonwealth government should make an investment in public transport, but it should come with strings attached and the strings should be about land use planning and network planning and coordination and so on—that we cannot just make investments in a vacuum.

Ms Fristacky—There is that issue about tied grants and whether they have been very unpopular in terms of the restrictions. But, if you are looking for change, other nations have not

only federal funding—and you might argue the pros and cons of that—but the UK government requires the regional and local governments to have integrated transport plans and funding is attached to that. They have got performance indicators to meet and the local areas like York, Manchester or Birmingham that I have looked at have got enhanced funding by meeting those performance indicators. There have been some pluses and minuses in that. I do know if you have looked at those. In theory that direction is positive because it focuses on integrated planning, land-use planning and transport planning, and shows how walking and cycling are such an important part of the overall transport system. That is certainly one mechanism.

Tied grants have been problematic but there are other ways. I have mentioned removing the distortions, which is probably number one. Direct grants to local government are feasible, I suppose. There were examples of more direct grants under Better Cities as well. For example, councils got together in the submissions to Infrastructure Australia to apply for specific grants and quite a few local governments have done that. I understand Banyule did in relation to its Greensborough development because that is not funded by the state. The cities of Melbourne, Manningham and Yarra, the three municipalities, got together and asked for \$5 million for a feasibility study for the Doncaster rail because it has not been supported at the state level. There are examples like that where there could be something like the direct grants to local government through Roads to Recovery, and local government, by the way, is very appreciative of the continuation and enhancement of that, but similar for public transport projects. For example, the City of Manningham has got a bus system, Manningham Mover, which has just been implemented. It did get state funding for that but there are other municipalities that would seek to have additional intra-council improvements. I think it was Senator Hutchins who mentioned the 30 minutes from Carlton to Collingwood. On east-west links, there used to be an inner circle rail line which had an east-west movement but that is no longer in existence. It last ran for the Olympic Games in 1956.

There are other examples where projects could be funded like Roads to Recovery and you could get ‘local transport to recovery’ through local government. There is walking and cycling. There are 200 railway stations and there is a lot of surplus land around railway stations and VicTrack is encouraging councils to work on getting some integrated land-use planning around those rail stations using the surplus land and perhaps affordable housing and economic activity as well. So some sort of seed funding through the Commonwealth could be possible to kick-start those projects. Local government would put some money in, of course, and bring the states along. So there are many ways that we could get the three tiers of government working better together. My colleague Susie Strain mentioned the *Melbourne 2030* and there is Melbourne at Five Million, which supports six central activities districts. This is not new, supporting additional central activities districts outside your central area, outside Sydney or Melbourne or wherever, but it is absolutely critical because, if you can get the areas such as Box Hill, Ringwood and Broadmeadows developing much more strongly in terms of employment focuses then you can take advantage of the counter-peak travel. So there is a huge untapped resource there of the counter-peak travel if we are less CBD-centric. It is the same with investment in regional transport. There is a lot of untapped resources there in terms of a capacity to expand employment in the areas where people live.

Senator LUDLAM—Ms Strain, did you want to add something?

Ms Strain—I was going to follow up on your question of whether funding should come with strings attached. With a lot of public transport the projects involve so many agencies, several levels of government and the like, contractors, that having some objectives and requirements supports those agencies working better together. It is very easy for one agency to optimise for their own benefit, which is quite understandable, but it is such an important area in which integration can make an enormous difference, so I think having strings attached is probably worthwhile.

Senator LUDLAM—So for a committee of out-of-towners, how well does Melbourne work at the moment, how well are we doing?

Ms Fristacky—In terms of transport I think the No. 1 thing is the overcrowding on our services, that demand exceeds supply, as I said at the outset. That means we have to have more investment. Melbourne's transport system is good. We have got one of structures of the railways in the world but it is spokes, it is not radial. We are introducing the SmartBus network to try and support that radial system, but if we are going to work well as a city we do need the massive investment to improve that. There are gaps in the system. Some of them are being filled. The extension to South Morang is meant to start this year and I think at one stage there was some federal funding a few years back, 2002 I think, lined up for that. There are some improvements but there are still gaps, whether it is Doncaster or Rowville. There are lots of gaps and that reflects a lack of investment over the last 20 years really. It works well for the inner city and the middle ring. Once you get beyond that in the growth suburbs, unless you are fortunate to live on a railway line that is not so overcrowded, you do not fit on the trains and you have to travel at six or five or some other time to even get on the train. That is the big problem and that causes congestion in the cities because you have got no option but for many people to get in their cars and drive and have multiple car ownership. So there is a big weakness in the outer areas.

Senator LUDLAM—I can leave it there if others want to ask questions, Chair.

CHAIR—Thank you, Senator Ludlam. Senator Hutchins.

Senator HUTCHINS—I might concentrate on the Todd Litman handout you gave us. If you do not mind, I will ask you to respond to some of my observations. I think today you our first elected representative, Councillor, so you are in a bit of a different position than some of the lobbyists and users we have had before. A number of people have pointed out to us tax policies favouring car use. We are in a global financial crisis at the moment. You could not reasonably expect the committee to recommend to the federal government that taxation policies favouring car use be withdrawn, particularly in light of the major plants that you have here in Victoria, both in Geelong and Broadmeadows, could you?

Ms Fristacky—We did mention this in our submission, at least I think we mentioned it, in terms of integrating with expansion of public transport. There are certainly a number of problems but I think your question relates to industry restructuring.

Senator HUTCHINS—We hope to have our report out sometime this year even though, as Senator Ludlam pointed out to you, you have got all out-of-towners here before you today.

Ms Fristacky—The motor vehicle industry is a great source of employment, but you saw the graph here that public transport is a larger source of generating employment than the motor vehicle industry. You also saw the other table where there has been a tapering off and certainly a decline in vehicle usage and people are selling their second car, third car, or trying to make do. There are many families who are doing that. If that is consumer behaviour and people do not want to buy a second and third car, though most people need a first one, you can throw as much money as you like to encourage the motor vehicle industry to expand, and then what do you do? You have cars coming off the assembly line that cannot be sold. That has been part of the problem.

So I think you have to look at what the supply and demand factors are and phase things in. You would have a certain period of time on notice. We do need to restructure our industries towards the industries where there is greater productivity and greater employment generation. I would say that we should be encouraging the motor vehicle companies themselves to diversify to produce buses, which we desperately need; trams; and trains, which we desperately need. We used to make those, rather than just importing and assembling them, and that builds up your skills base in maintenance, repair and so on. So over a period of time there is certainly a need, I believe, to help restructure so that we have a firm skilled employment base in this other area, public transport.

Senator HUTCHINS—Would Geelong be regarded as metropolitan Melbourne?

Ms Fristacky—Geelong is a separate regional city.

Senator HUTCHINS—So it is not part of your forum—

Ms Fristacky—We do liaise with Geelong.

Senator HUTCHINS—of 18 councils? It is not one of the two that pulled out?

Ms Fristacky—No. We have certainly liaised with our regional counterparts. Many of us have sister city relationships with rural and regional councils. I have spoken at length with councils at Geelong on transport. I think in our submission to the federal budget we said that they should be supporting the rail through to Torquay for our Geelong and Surf Coast shires, because it is really a growth area of Geelong—that is, it is a separate municipality but it is still a growth area and needs public transport as well.

Mrs Strain—As I understand it, the fringe benefits tax has a greater advantage if you drive further. There is a threshold you pass after which you get a greater tax benefit. So the issues we have with congestion and excess car use are contributing to our problems, and we seem to have ourselves caught in a trap of actually subsidising that, which then requires us to build more roads, provide parking and the like to accommodate it. It is a question not of car ownership but of excessive car use. The provision of supporting public transport and alternatives can relieve that, but then relies on excessive infrastructure, sprawl and excessive land use devoted to those things. It is really that balance that that tax, at the moment anyway, seems to be acting contrary to.

CHAIR—Many submissions have made a point of the FBT and tax relief, but I am not comfortable with that. It is easy to get out there and give business a bit of a slap, but there are salesmen and saleswomen et cetera who use vehicles under this tax regime. It is very easy to say, 'Take it away and get them on public transport,' but we have just heard today that you cannot get a bus from Carlton to Collingwood. The service is every 30 minutes. So how do we tell a salesman to traverse the greater city of Melbourne by public transport?

Ms Fristacky—We are not saying they should get out of their cars. You are using your vehicle legitimately. You have a tax deduction for legitimate use of the vehicle. It is a question of differential treatment. For example, the employers are telling us, 'We buy an annual public transport pass for our staff and we deduct \$2 per week from their wages.' Basically, it is a free loan, which they deduct to pay for the annual transport pass. As employers buying them in bulk, they can get a good deal. But they are penalised. We say, 'Let them have an FBT deduction for doing the right thing by the environment and by the system.'

CHAIR—So supplement them, not disadvantage those who already have a car and are employed on those arrangements?

Ms Fristacky—If you are using your vehicle legitimately as part of your employment, it is deductible as part of your employment. What we are really pointing out is that there is encouragement to get to the next standard. Let us say you want to get your 26 per cent rather than seven per cent and you have only done 11,000 kilometres. You decide to drive from Melbourne to Sydney and back—or maybe from Melbourne to Darwin—to get your 40,000 kilometres to get a 26 per cent rather than a seven per cent deduction for your mileage.

I do not know how you would structure it, and people have very smart tax lawyers to get around some of these things, but there must be mechanism whereby you can structure the FBT so that you protect those who legitimately need their car but you do not have the misuse of the vehicle at those times to get into a different bracket. That is what we are saying. You have to make sure there is a level playing field. And it is not just the FBT; there is a range of subsidies. I know some of them are there to help the farmers, because they use their vehicles a lot, but they have to be structured in a way that does not disadvantage public transport. That would be the key message. The second element of that—and I thought we had this in the submission but I have not picked it up—is that if the government, on your recommendation, did that overnight then the demand on our public transport would make it even more chaotic, so it would need to be phased in. For whatever changes there are, you need to have some lead time for people to adjust.

CHAIR—I notice as you point to the government you keep looking at Senator Ludlam. You will give him a big head and he will not be able to get out of the room!

Ms Fristacky—I appreciate that you are just recommending.

CHAIR—But, thank you, that does clarify that situation for me.

Senator HUTCHINS—In your opening statement you referred to Mr Litman's paper and the affordability index for transport and housing. Has the forum thought about the situation where, as you can see from the index, it will clearly cost more money for the people who live further out to come in, but they are less money, whereas the people who live closer in earn more money and

have less distance to travel. Have you thought about an inverse subsidy so that the people who live closer pay the most because they have the frequency of services, as opposed to the people in the outer suburbs? Has that been discussed in the forum or does the forum have a view on that?

Ms Fristacky—It has in the sense that we have looked at the zoning system. Melbourne has had zones 1, 2 and 3. We have just condensed zones 1 and 2, and that is regarded as a major development. There are arguments within the forum to condense them all into the one zone so you do not have a differential. That would help overcome that, so at least in the fare structure you do not have a penalty. Admittedly, if you travel longer there is a cost, but at least you do not have a penalty, and it is those people in those outer suburbs who do pay more. So you could do it that way. Many people in the inner city do not even use public transport. They are walking or cycling because they cannot get onto the public transport, so they are in fact subsidising as well. They cannot get on the trams and trains; they pass them by and they cannot use them.

Senator HUTCHINS—Because they are full?

Ms Fristacky—Yes. They do other things—wear out their shoe leather, which can be quite expensive.

Senator HUTCHINS—In my city, people often walk to work and they drive their Audis on the weekend up to the Hunter Valley or the Blue Mountains or down to the Southern Highlands for a bit of recreation.

Ms Fristacky—It is not sole occupancy because people are usually taking their families, so there are parents and two kids. That is what the motor vehicle is fine for. It is the sole occupant trip which creates the congestion and which is used without thinking. As I am sure you know, and the submission has said, 50 per cent of trips are under five kilometres, 30 per cent are under three kilometres, 20 per cent are under two kilometres, and you can keep going. They are the sorts of trips where we would encourage diversifying the mode so you do not automatically think of the motor vehicle but of other modes, and we would certainly encourage you to make some recommendations about those other modes.

I know you have had submissions from the Cycling Promotion Fund and I am sure we would endorse those things. You have also had submissions on the health elements that we strongly endorse because we are very concerned about health impacts as well as affordability. We are all required as councils to have a municipal public health plan, and healthy physical activity is part of that municipal public health planning. Having that built into the daily travel journeys, as it used to be, is ideal. I might just say that the United Nations has identified road accidents as the third largest cause of death and serious injuries, after heart disease and cancer. So that is an element that I am sure you have had submissions on or, if not, that you should have had submissions on.

Senator BACK—We have had some spirited discussion here this afternoon as to where the problems lie. You are closest in local government to the end users, so for the Melbourne public transport system is it a problem of underinvestment, which you mentioned a moment ago, or a problem of poor management? If it is a problem of poor management, how can that be addressed before we have to invest much more?

Ms Fristacky—It is certainly a problem of underinvestment. You can look at data on investment. We have invested much more in the road system. We have not extended public transport into the growth areas. We have the radial system but not enough of an orbital system. If people work in Craigieburn and they live in Doncaster, they find it very difficult to traverse Melbourne. Melbourne is no different to other cities. It is a matter of catching up 20 years of underinvestment. There is no doubt about that. In terms of management, there is always room for improvement. There are many disused lines around all of our cities and regions which need major investment. Coordination of those will be increasingly difficult because the system will be more complex. We have lines that crisscross. We need a combination of ways to improve the integration of our system. There is no single answer. We need all of those things. We cannot do it without any major investment.

Senator BACK—To what extent in Victoria is local government really a participant in the decision-making process?

Ms Fristacky—We are responsible for 80 per cent of roads, so we certainly have an impact on congestion, health issues and so on. In terms of decision making, we work with the state government to show them the problems. One of the councils did get the Manningham Mover, the bus system that services the local activity centres, working. We are certainly lobbying to get rail extensions. We have not been successful on the Doncaster or the Rowville lines, but we are convinced that they are critical if we are to have the sort of mode share that we need on those key transport corridors and to service Monash University, the major activity centre on the Doncaster line and growing housing on key development sites. We lobby from that perspective.

We run community bus services for the disabled. That applies particularly in the regions. We are responsible for the roads. We are key players. We wish to work well with other tiers of government so that we can achieve the outcomes. Our funding base is obviously limited, but we do have the land use planning role. It cannot be done without the land use planning role, so we have to be key players in that. We need to integrate what is done with the aspirations of our communities for the structure of our municipalities and the social equity of our municipalities.

Senator BACK—Before we make our minds up about whether we recommend the Commonwealth make a greater contribution, obviously an assessment of success or otherwise of this expenditure is critical. Obviously, the stakeholders are the taxpayers, like you. We are not hearing that there are huge amounts of publicly available information that come from many of the reports that are commissioned at different levels. Australia almost seems to be unique in that there is not a great transparency of information that can be picked up by others. Firstly, do you experience that and do you believe that to be the case? Secondly, do you survey your own ratepayers for their satisfaction levels now, which we could look at afterwards and say: 'In 2008-09 these were the satisfaction levels. In 2012-13 look how marvellous they are. It was a good expenditure of money'?

Ms Fristacky—Each council does do annual community satisfaction surveys. They are done centrally.

Senator BACK—Including public transport and other issues?

Ms Fristacky—It covers transport, traffic management and parking—the absolute major sources of community response. There is a central one done under contract with the Department of Planning and Community Development, but we do our own as well. We also put questions to the department to include. So certainly transport, parking and traffic management are the key issues we survey on fairly regularly, however what we can do to improve the transport side is limited.

Senator BACK—Except to have an influence.

Ms Fristacky—Yes. There is a lot of information around but there still needs to be a lot more research done. The sorts of issues would include the link between housing affordability and the link with employment. Todd Litman has done terrific research through his Victorian Transport Policy Institute, but we need more research. GAMUT is doing a few bits, and you have heard from Professor Low. There is a lot of information around, but I think it is time for action.

Mrs Strain—Can I add to that. Could I reinforce the point that there is not enough information to support local governments in their work with regard to public transport. It is very difficult to get hold of patronage data, yet local governments are really charged with managing the environment around their stations, bus stops and tram stops—you may have heard all this before. They need good data on usage levels but then it is hard to monitor whether patronage is going up or down. We need information on where local government have a role to play in terms of their land use activities and the management of the space around the railway stations—access, cycling and walking and safety issues are all critical. We need to reinforce the point that better information flow and availability of basic data would be extremely valuable and I think that would enable local governments to participate more productively in those tasks.

Senator BACK—The Commonwealth could have a role in opening up that information flow.

Ms Fristacky—You could recommend it to the states and hopefully they would listen.

Senator BACK—We could.

CHAIR—Ms Fristacky and Mrs Strain, thank you very much for your assistance to the committee today.

[3.57 pm]

HOPKINS, Mr Michael, Executive Director, Policy and Communications, Department of Transport, Victoria

KINNEAR, Mr Ray, Deputy Director, Public Transport Policy and Planning, Department of Transport, Victoria

CHAIR—I welcome representatives from the Victorian government. I remind senators that the Senate has resolved that an officer of a 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 on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how the policies were adopted. Officers of a 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 we go to questions, do you wish to make a brief opening statement?

Mr Hopkins—We do, and we have a presentation and copies of that for circulation to the committee.

Slides were then shown—

CHAIR—Thank you.

Mr Hopkins—Looking at today's presentation slide, I will go through a bit of the Victorian context, some explanation of what has been happening in Victoria in terms of patronage, the approach that Victoria has taken to land use and transport planning integration, the national context, nation building and, finally, some comments about federal taxation treatment.

Looking at the next slide, Victoria's population growth is strong. Victoria's population growth has accelerated in the last couple of years. We are attracting 1,500 people a week. Victoria accounts for about a quarter of all overseas migration, with about 90 per cent of those people coming to Melbourne. Growth is much faster than we were anticipating when our first major land use and transport plan, *Melbourne 2030*, was released in 2003.

Since that time, population growth and public transport patronage growth has accelerated quite rapidly, and I will talk more about public transport growth. In 2003 we were anticipating a population of about six million by 2030 but, as you can see from the chart, we are looking at just under seven million by that time now. Turning the page gives you a sense of where that population growth in Melbourne is occurring. There is strong growth to the west, to the south-east and the north. Melbourne's east, as you can see, is largely consolidated. We would expect a bit of urban consolidation there but, really, the main areas of growth will be on the major rail corridors to the north, to the west down in Wyndham and to the south and south-east into Casey and Cardinia.

Turning the page again, you can see that, while our population growth has been strong in the last few years, public transport patronage growth has outstripped that, in the last couple of years at least, by a factor of four. Again, this was something that we did not anticipate either in 2003 or in 2006 when we were preparing *Meeting our transport challenges*, the government's then transport plan. I will go through these figures in a little bit more detail. If you turn the page you can see that in terms of mode share Victoria has the highest public transport usage per capita in Australia of any of the major cities, recently just passing Sydney. We are looking at about 120 trips a year per person in Melbourne.

In 2003 the government set a target of accounting for 20 per cent of all motorised trips in Melbourne to be on public transport. At that point I think public transport was accounting for about 9.6 per cent of trips. It is now accounting for 13 per cent and growing quite rapidly. On turning the page again you will see that, of that eight per cent growth that I spoke about, metropolitan train, which is also coming off the largest base, is growing at the fastest rate of all metropolitan modes. For the last few years we have been averaging about 12 per cent growth, which means that every three years you are adding another third of the people to the network. It is obviously quite challenging to meet that sort of growth.

The next page shows the tram figures. Again, there has been strong growth in the last year but coming off a slightly smaller base. Tram patronage has really accelerated in the last 12 months and shows no sign of fading. Perhaps the biggest unexpected growth from Victoria's point of view is, as shown on the next page, in bus patronage. You can see that bus patronage was stagnant for many years. In fact, if you follow those graphs well into the 1990s, you will see a fairly flat line with maybe one or two percentage points. Over the last three years we have had over eight per cent on average growth: 7.4 per cent, 7.4 per cent and 13 per cent in the last 12 months. Part of that picks up on significant increases to service standards in Melbourne, but a lot of it has to do with some other factors that I will talk about.

The next page shows V/Line train and coach patronage. You will notice that the scale is significantly greater and that in 2006-07 we had 31 per cent growth. That figure is a little bit misleading. If you look back to 2003-04 and 2004-05, you will see that there was a decline in patronage. During that period we were delivering the regional fast rail project, which meant that there were huge disruptions. A lot of track was being ripped up and we were not running services, so a lot of people were turned off and were not taking the option of the replacement coach services.

CHAIR—V/Line is all of the country stuff?

Mr Hopkins—V/Line is all of the country rail and coach. So you see a big bounce back in 2006-07, and 2007-08 shows fairly strong growth. That is the sort of growth that we are expecting to see continue for a little while yet.

Turning the page again, metropolitan train patronage for the last century is shown. As you can see, Melbourne last had the sort of patronage it is now experiencing back in the 1940s and 1950s. Perhaps the most interesting thing about this graph, from my point of view at least, is the slope of the line on the right-hand side. We have an almost vertical patronage growth. As I pointed out earlier, this is about 12 per cent a year. We are approaching the limits of our existing infrastructure. We have never carried this many passengers before and we are still growing at

about 12 per cent. So, with the figures for the last six months, which we showed on the earlier slide, we are still looking at about 11 to 11½ per cent growth per annum.

We have done some research into what the drivers of change are for people who have shifted from driving to public transport. Petrol prices and parking costs are factors as are, interestingly, health and fitness, environmental concerns and different attitudes towards transport and the role of transport in our lives. However, car-running costs and so on also make a contribution for the people who reduce their vehicle use and move to public transport. Twenty-one per cent of people who changed their behaviour told us they were travelling less, 26 per cent were walking more and eight per cent were cycling more. Certainly some of the work we have done suggests a very strong growth in cycling as a mode of transport to work. Journey to work figures for cycling to work in Melbourne have just about doubled in the last five years between census periods.

I have talked about the integration of land use and transport planning in Melbourne. *Melbourne 2030* was released in 2003 and encouraged the outwards growth of Melbourne into the established rail corridors in the north-west and south-east. Redevelopment of existing suburbs is clustered around railway stations. In December last year we released *Melbourne @ 5 million* with the *Victorian transport plan*, which, again, looked to focus activity and development consolidation around six major transport nodes outside of the Melbourne CBD.

I will touch briefly on the six strategies that have underlined Melbourne's approach to public transport for the last four or five years. The first of those is focusing on the metropolitan train system. As I think is quite clear, we are in uncharted territory in terms of patronage. We are carrying 10 million people more than we have ever carried before. We need to focus on the capacity of the system. Part of that is about changed operations and part of that is about a big investment in infrastructure. The second one—and I think Jackie Fristacky pointed this out—is that we have a fairly good radial train system; what we do not have at the moment of the same quality is circumferential public transport services. The introduction of a SmartBus service in a series of concentric rings plus on some other major corridors, such as from Melbourne to Doncaster, will start to fill in some of those gaps to complement the rail system.

Third, Melbourne's local bus services were, up until fairly recently, not of a particularly high quality. Local buses perform a really important function in terms of getting people from their houses to the principal public transport network of rail and tram. So there has been a big push to increase frequencies, span of hours and geographic coverage. I think we are now at a point where about 96 per cent of Melbourne households are within 400 metres of a bus stop.

Senator HUTCHINS—Are these all privately operated modes of transport?

Mr Hopkins—Yes. All are either franchise or service contracts managed by the Department of Transport.

Senator LUDLAM—When you say 96 per cent of Melbourne households are within 400 metres of a stop, what is your minimum frequency to be considered a viable stop?

Mr Hopkins—We do not have a minimum service standard at the moment.

Senator LUDLAM—So even if it came past once a day you would still be counted as within a bus catchment.

Mr Kinnear—We have moved a long way towards achieving a minimum standard, which is that services run from early morning till seven o'clock at night seven days a week, which is a far step forward from where we were about two or three years ago. The requirement is on every one of those routes that there shall be a bus service at least hourly. We have not quite got to that point yet, but that is where we are heading.

Senator LUDLAM—Thanks.

Mr Hopkins—Turning to item 4, at the moment about two thirds of the tram system operates in a mixed road environment, meaning it is mixing with traffic. There are no other tram systems in the world that are of a comparable scale where so much of the tram system has to operate in a mixed traffic environment. So a big part of the push has been to try and, where possible, separate tram operations into more of a light rail service and separate them from traffic operations.

Fifth, another big focus has been increasing physical access to the system and meeting the requirements of the Commonwealth Disability Discrimination Act, particularly for the bus and train network. That is relatively straightforward. For the tram network, Melbourne obviously has a far bigger tram network than any other city in the country and that is probably where our greatest challenges have been and will continue to be into the future.

Finally—you will not have this and I am sorry all we have given you is a picture—the sixth aspect has been efficient and fair pricing regimes to try and better cost and better provide for the social needs of people accessing public transport but also to make best use of our infrastructure. That is about encouraging shift out of the peak, where that is possible, and mode shift to public transport.

Turning the page, on 8 December 2008, the government released the *Victorian transport plan* which was aligned with our *Freight futures* plan, *Melbourne @ 5 million*, which is the land use plan that complements *Melbourne 2030*, and our submission to Infrastructure Australia on our priority projects. The VTP contains \$38 billion worth of projects over a 12-year period. As part of that we were seeking \$10 billion over that 12-year period from the Building Australia Fund.

Turning the page again, we do not make that request without being prepared for the state to pull its own weight. So as you can see investment in public transport infrastructure has risen from the late nineties and early 2000s from about \$100 million to almost a billion dollars in the last year. I think the numbers for 2009-10 are somewhat higher again. It is very easy to think that public transport is just about major projects and iconic projects but the first steps that we have taken, other than making some changes to operations of the train network, have been some small-scale projects to try and milk as much as we can out of the existing infrastructure.

What you can see there is five projects around the network. I will go through them. In Clifton Hill we have duplicated a single track and are building a new bridge over Mary Creek. In Cranbourne we have put in stabling for five new trains to allow trains to start at their origin rather than having to move out from the city. There is stabling for six trains, two new crossovers, a platform and new maintenance facility at Craigieburn. There is additional stabling at Westall,

which is just near Dandenong, and additional track in the west where you can see, just above Werribee, the addition of extra track and new platforms at Laverton Station to remove a bottleneck caused by trains entering and leaving the Altona Loop.

Turning the page, as I said, a number of the drivers of transport policy at the moment are both national or international issues such as climate change, the introduction of a CPRS at some point or any means of dealing with a carbon constrained future, drought and the availability of water, the growth in the freight task, shifting population growth, growth in international trade and urban congestion at our ports creating bottlenecks in freight movement. In summary the point that I am trying to make here, perhaps rather inexpertly, is that the major cities are where freight transport and passenger transport come together. Melbourne has the biggest container port in the country. It is located in the middle of the Melbourne CBD which means that you have the interaction of hundreds of thousands of people coming into the city as well as thousands of tonnes of freight containers coming into the city. Where those freight and passenger movements interact becomes a challenge. The Commonwealth has long invested in freight movement and initiatives to support freight movement, but our view would be that you really cannot look at freight movement alone without considering its impact and the impact of passenger transport on freight movements.

If you turn the page, you will see I have listed the strategic priorities of Infrastructure Australia, which the committee is no doubt familiar with. We took these into account when we were writing the *Victorian transport plan*. The VTP's strategic objectives are very much in line with the objectives of Infrastructure Australia's assessment program. If you turn the page you will see that we lodged our submission to the national infrastructure audit in June 2008. The five priorities are the transport needs of a growing city, which will very much be the focus of today; freight access, exports and linkage, and links back to the transport requirements of a city; water projects; telecommunications infrastructure; and climate change and energy infrastructure.

Two of the major projects of particular relevance to this committee are over the page. I think we have given you a map showing some of the choke points on the regional rail network from trains from Bendigo, Ballarat and Geelong. Currently, these trains have a reasonably clear run through the country. Once they start interacting with suburban trains in metropolitan Melbourne, which are crowded and because of the crowding are becoming less reliable, there is a huge impact on reliability of V/Line services.

If you turn the page, you will see one of the two major public transport projects that we put in our submission to Infrastructure Australia is the regional rail link—a new 40-kilometre twin track rail link from west Werribee to Southern Cross station, via Tarneit and Sunshine; new platforms at Southern Cross station, which will separate regional and metropolitan train services, allowing regional services to run express from Melbourne and free up some capacity in the metropolitan train system. It will also include rebuilding of the station at Sunshine, with extra platforms and the construction of a new rail bridge over the Maribyrnong River. The intention is that the regional rail link will provide capacity for about an additional 9,000 passengers per hour into Melbourne. The regional rail link provides a dedicated line to Southern Cross for regional services, which should also increase the speed of trains coming in from Bendigo and Ballarat and will increase the reliability of trains coming in from Geelong.

By separating out the regional and the metro there is also a huge advantage for the metro services in that we begin to move to a more European style metro system that becomes a little less metronomic. Currently, we have a train system that is trying to fulfil a number of tasks. Regional trains and metropolitan trains are mixing on the same tracks. Also, the metropolitan system is trying to fulfil not only a metro style system of short distances carrying a large number of people but also a suburban network which sort of implies a different level of comfort. Currently, the metropolitan rail system is trying to do two of those things and if you overlay that complexity of the regional rail network you have got what I have heard called a bowl of spaghetti that we need to unpick.

If you turn over the page you will see the second major project there is the Melbourne Metropolitan Stage 1, which is a new rail tunnel between the west and east of Melbourne. That will increase the capacity of the rail network by about 12,000 passengers per hour. Stage 1 of the tunnel, which we have shown on the map, will be from Dynon to St Kilda Road at Domain, with a stage 2 to Caulfield to be delivered after the completion of stage 1. This will provide new access to the strategic economic clusters of biotechnology and education in Parkville, as well as to the ICT industry at St Kilda, not to mention the knowledge and health sector up around Parkville, with the hospitals and the university. Melbourne Metro Stage 1 is also the logical conclusion to the regional rail link.

If you turn the page again, you will see the extension to Caulfield will provide capacity for 20 trains in each direction from the northern suburbs to the south-east suburbs. Twenty trains is pretty much the equivalent of about 40 free-way lines. Just quickly, I do not need to explain to you that, currently, FBT treats motor vehicle use and public transport use differently. Currently, the state's view would be to not change the treatment of cars, but we would be seeking more equitable treatment of public transport uses as part of that.

Finally, where would a state submission to a Commonwealth inquiry be without pointing out the amount of money collected in excise and the amount distributed? We think there is obviously an opportunity for the Commonwealth to increase funding into transport. A shift to provide greater public transport would be welcome.

In summary, I would say that the Commonwealth has for a long time quite rightly funded economic freight movement. We are now at a point where a lot of the movement of freight is being impacted on by passenger movements, particularly in the major cities. It would be more appropriate to consider passenger transport at the same time as we consider freight transport because the two are so intertwined. Thank you. I would invite questions.

CHAIR—Thank you. That was a very in-depth presentation and we do appreciate it. I would like to discuss the subject 'The costs of motoring and changing community attitudes are key drivers'. Two weeks ago in Canberra we had a presentation from the International Association of Public Transport. When was your survey done?

Mr Hopkins—That was done by Sweeney Research in 2009, so it is very recent.

Mr Kinnear—February.

CHAIR—That is very recent. How many people were surveyed?

Mr Kinnear—I am guessing 500 households or thereabouts.

CHAIR—You can take that on notice if it was more or less.

Mr Hopkins—We will take that on notice and get back to you.

CHAIR—By all means, thank you. The reason I ask is that the international planners who came to see us in Canberra said that they undertook a survey in Melbourne. They came back with some figures. I am guessing here, but I think that number surveyed was around the same as you gave—500 or 800 or thereabouts. Other committee members may remember. However, they did not believe the response about why people were going from car patronage to public transport, so they redid the survey—two weeks ago they told us that happened two or three weeks previously, so it was within the last month. They had eight indices, I think, on why people were going from cars to public transport and the environment was not one of them. Now we see your survey of 500 households, where the environment is equal No. 2. You can understand that, from our point of view, we could not have more conflicting evidence. What do you say to that?

Mr Kinnear—We have been doing other surveys very similar to this—this is about the third wave. In the first wave, in mid-2006, overwhelmingly the change was happening because of petrol prices. At that stage the environment was barely a marker on this scale. By the time we did the second wave, in the latter part of 2008, the environment and personal health and fitness had both become significant. I cannot quote you the numbers, but by February that had risen again. I think that this has been a rapidly emerging issue—the more we think about bushfires and drought and the more all those sorts of things happen. That is all front-of-mind stuff from a consumer's point of view. I could only reconcile that with your other survey results by saying that this is a fairly rapidly changing market shift, but it has clearly been building up through a series of surveys that we have been doing over the last three years.

CHAIR—Our issue is to shape it somehow into some report. You could not get two more conflicting outcomes, allegedly from the same time in the same state.

Mr Hopkins—It is probably worth pointing out, without knowing the details of the other survey, that ours was a survey done of people who had changed from motor vehicle use to public transport. So it is possible that we are looking at a smaller subset here, and there could be definitional issues as well.

CHAIR—There could be, but I was led to believe that the other survey was also of people who had made that change. You will be on the pointy end. I am sure there will be a lot of questions because we have heard such conflicting evidence today and in the submissions—it all depends where it comes from—but it is all starting to point to the same conclusions for the committee members here today, though the other senators will have their own view.

I was of the opinion that Melbourne had the best public transport system in Australia, although my view has narrowed. Your tram system is absolutely superb and I congratulate you on it, but what has come out is that it is fantastic as long as you are heading into the city and not trying to head east-west. You have copped a fair bit of flak during the day, so this is your turn to defend your public transport system, but I am sure there will be a pissing. You can get into the city from anywhere with, on average, four-minute intervals on the trams, is it?

Mr Hopkins—Perhaps in peak on some services.

CHAIR—But there are 30-minute intervals between Carlton and Collingwood.

Mr Hopkins—It is fair to say that Melbourne has done the radial transport very well over the years but that our circumferential—the east-west travel but also north-south in the east of Melbourne—has been a neglected area until probably 2005-06, when we started investing in the SmartBus network. I am sorry I do not have a map to give you. We have a fabulous public transport network, as you say, that provides that radial service, but we are in the process of building that SmartBus network. The idea will be that you provide a bus service that has similar service attributes to rail. So you are looking at about 15-minute intervals, high-quality wheelchair accessible vehicles and real-time information available at stops—my bus will arrive in three minutes, two minutes et cetera. It is fair to say that it has been a neglected area, but it is an area that the government is focused on and it is very much a part of the *Victorian transport plan*.

CHAIR—One could see from your presentation the amount of money that was spent in the previous 10 financial years; then all of a sudden it is like, ‘Wow!’ Obviously there is a lot of catch-up to do, but the effort is being made. It would be fair to say that you have a long way to go, as you have recognised.

Mr Kinnear—I would like to support your point on that. On those routes where we have introduced SmartBus systems, as Michael described them, which include technology for train and traffic signals and all those sorts of things, we have seen a minimum 50 per cent increase, getting up towards a 100 per cent increase on some of those routes where we have made those changes. That supports your contention that there is a demand.

CHAIR—Absolutely. Professor Stanley reiterated that 50 per cent increase. The standard criticism of SmartBus was that passengers were getting off the train and looking at the back of the bus as it took off. But you have now got that all mickey mouse.

Mr Hopkins—That is a perennial example that comes out. It was near Monash University and was fixed a couple years ago. People have some long memories, and quite rightly so.

CHAIR—You are allowed to have stuff-ups. If you fix them, that is fantastic. That is what it is all about.

Senator BACK—People remember the bad news a lot longer than they remember the good news. Is your submission to the Building Australia Fund a publicly available document?

Mr Hopkins—We will be able to provide you with a copies of the infrastructure audit and the *Victorian transport plan*, which includes a breakdown of the projects and which ones build in some assumptions about Commonwealth funding.

Senator BACK—Can you give us some understanding as to how your relationship with the outsourced public transport providers works? Are you proactive or reactive in the way that you audit? Presumably it is your organisation that oversees their performance. It seems to be quite

different between cities. Three of us here are quite familiar with Perth, for example, and are very keen to know how that is organised.

Mr Hopkins—I might deal with the bus network first because it is fairly easy to deal with. The bus network has largely always been in private hands in Melbourne, with the exception of National Bus, which ran about 30 to 40 per cent of the network up until the 1990s, when it was privatised as well. Contracts are held with individual bus operators that service particular routes and services. Government sets timetables and works with operators to take feedback from them, which you obviously have to do because they have the operational experience, the staff and the expertise.

The train and tram networks were franchised in 1999 and were refranchised in 2002-03 with the collapse of National Express which was running both half of the train network and half of the tram network. At that point in refranchising, the opportunity was taken to consolidate the two train operators and the two tram operators into single entities which are currently being managed by Yarra Trams and Connex Trains, as I am sure you are aware.

Government is responsible for infrastructure and long-term planning. It owns the assets, does the timetabling and works with the operator to try and get the best out of the system. Far from it being a distant relationship, it is very much a partnership. We are in there with the operator but, ultimately, when it comes to the long term, they are responsible for the day-to-day operations and the interaction with customers and we are responsible for the long-term planning, timetabling, service requirements and, as part of the franchise agreements, setting and monitoring performance standards and those sorts of things. That is a very high-level description.

Senator BACK—Sure but that is how it is working. How would you improve it if you had the opportunity? How could you and they do it better?

Mr Hopkins—I will have to be very careful at this point because we are in the middle of a refranchising.

Senator BACK—I will withdraw the question then. The only other question I have to ask is: what sort of proportions does the *Victorian transport plan* call for in the funding of public transport as opposed to road transport into the future?

Mr Hopkins—From memory it is about fifty-fifty. The important thing from our point of view is that when we were putting the plan together there were a lot of fairly simplistic arguments about road versus public transport. About 80 per cent of our public transport kilometres are operated on the road either by the tram network or the bus network. The road network is particularly important especially in outer metropolitan Melbourne where you have public transport mixing with private cars. It is about fifty-fifty but I can confirm the numbers for you if you like.

Mr Kinnear—I can confirm that. It is \$38 billion in total of which about \$18½ billion is public transport.

Senator BACK—That would represent an increase presumably from the past. The mix would not have been fifty-fifty then.

Mr Hopkins—It is always difficult to know what you are comparing when you are talking about infrastructure and public transport. There is a tendency to compare infrastructure spend with infrastructure spend which has in the past—I think I showed you the chart which shows investment over time—clearly favoured roads for a long time. What that does not show though is the operating costs. The operating costs for roads, maintenance costs and so on, are generally quite low, whereas for public transport in Melbourne, picking up V/Line train and coach as well, you are looking at about a billion dollars a year in operational costs above and beyond revenue collected.

Senator LUDLAM—Thank you very much for your presentation this afternoon. Just continuing on with the *Victorian transport plan*, of the 50 per cent roughly that is road funding is that mostly for new metropolitan freeways?

Mr Hopkins—You will have to excuse me, I am not an expert on the road side. It includes a number of major road initiatives on the outskirts of Melbourne, the Mornington Peninsula link, the north-east connect, a second Maribyrnong Crossing, which is in inner Melbourne, and a large program of outer metropolitan arterial roads into the growth areas.

Senator LUDLAM—So freeway funding in Victoria certainly has not fallen out of style just yet. Of the public transport spend, which you would be a bit more familiar with, what are the major components of that?

Mr Hopkins—Of the VTP?

Senator LUDLAM—Yes.

Mr Hopkins—The two projects that I spoke about, which are the regional rail link and the metro tunnel part one. I am happy to provide a more detailed breakdown but it also includes the SmartBus program that I spoke about, which is another significant component for the expansion of outer metropolitan bus services. It also includes continued investment in tram priority projects and a large fleet procurement—up to 70 new trains plus 50 additional V/Line carriages and tram procurement as well. It also includes the Disability Discrimination Act compliance program, which is a couple of hundred million dollars for infrastructure, particularly on the train network.

Mr Kinnear—I do not know whether you have access to the plan itself but at the back of that plan there is a table which sets it out project by project, and dollars for each project.

Senator LUDLAM—The disability stuff: is that retrofitting existing stock as well?

Mr Kinnear—There is a lot to DDA. It is about the infrastructure itself. You saw some of the new big platform stops out in the middle of the roads out here. That is a significant part of the DDA program. There is retrospectively refitting railway stations to provide all the stuff to enable people with disabilities—who cannot see or hear or whatever else—to use them. At the end of the day there will be a large amount of expenditure in achieving that DDA result on railway stations because of the ramps and other things that need to be dealt with. There are low floor

trams—when we need to buy new trams for replacement or capacity purposes we now pay a premium to buy new low floor trams to achieve DDA objectives. There are something like 10,000 bus stops in Melbourne. We are going through each and every one of them now to make the minor changes that need to be made to each of them to make them DDA compliant.

Senator LUDLAM—Over what period of time is that \$38 billion proposed to be spent?

Mr Hopkins—Over 12 years.

Senator LUDLAM—Of that you have asked for around \$10 billion worth of Commonwealth funding, and that is specifically for the metro—for the projects that you are putting here.

Mr Hopkins—These are the two major public transport projects. I think some of the road projects that I spoke about are also included in that. The north-eastern connector, which connects the east link with the Western Ring Road, is part of it. Maribyrnong crossing is another project. I have not mentioned it because it is not a public transport one. It is about better freight access into the port of Melbourne through the inner western suburbs—the truck action plan. From memory that includes a component. It is all spelt out in the plan. When we provide you with a copy of that there will be details of each project. But it is not just public transport ones that are seeking Commonwealth funding.

Senator LUDLAM—I suppose for the purposes of our committee I am more interested in the public transport spending. What you have put on the table are, by any standards, very, very expensive projects compared with what you could potentially do with that money. Are there any proposals, for example, for outer metro expansions of the heavy rail system?

Mr Hopkins—The problem we have at the moment is that we do not actually have the capacity in the inner core to be able to run more trains from the outer metropolitan suburbs. There was a lot of work done in the lead up to meeting our transport challenges—the 2006 document. We identified that the priority has to be on increasing the capacity of the inner core. Once we have the capacity to run extra trains then it becomes reasonable to extend out into the suburbs. All of the growth areas that we are talking about are actually along major rail corridors. There is the Dandenong corridor in the east, which includes both the Pakenham and the Cranbourne line. The north is served by a number of lines and this is one of the areas where there will be a rail extension from Epping to South Morang. In the west there is the Werribee line, which is the train to Geelong, and in the more northerly west there is the Sunshine corridor.

Senator LUDLAM—The Building Australia Fund is looking very depleted at the moment owing to the state of the global economy and surpluses that no longer exist. Has your department considered whether, if the funding is not provided as expected, the Victorian government would be prioritising the road funding or the rail funding?

Mr Hopkins—I think that is a bit of a hypothetical question. I am not sure I can actually answer it. I think the Victorian government would have to consider its options at the time. It is probably worth pointing out, though, that the \$10 billion was not predicated on what is in the existing Building Australia Fund. It is actually assuming that the Building Australia Fund will be topped up over the next 12 years. We have not made any assumptions that we would get half of

the \$20 million that went into the BAF, whenever it was announced. It was an assumption that the BAF would be increased over time.

Senator LUDLAM—I think that is a shared assumption. When we heard from Professor Newman in Perth about a week ago, he told the committee that Infrastructure Australia was hoping that bidders would include agglomeration economics and agglomeration affected cost benefit calculations, but he also said that nobody had done that. Is that something that you take into account when you are planning public transport proposals or expansions?

Mr Hopkins—Internally, when considering those things within the Victorian government, we generally do not take into account the wider economic benefits of what are known by my economist friends as WEBs—the wider economic benefits, the agglomeration benefits. I know that Infrastructure Australia has requested that, and we have done some work to try to pick those things up in our submissions to Infrastructure Australia.

Senator LUDLAM—I suppose on paper they make public transport projects that much more attractive—

Mr Hopkins—I am not sure about that. I know they certainly make road projects look more attractive as well—

Mr Kinnear—I think I can add to that. There are two levels of wider benefits. It is standard within our evaluations, if we are evaluating the merit of a public transport project, the benefits of that will deliver in terms of reduced road congestion and reduced greenhouse gas emissions. All that sort of stuff is taken into account. When you are using the term ‘agglomeration benefits’ or wider economic benefits, yes, that is something that Infrastructure Australia specifically sought. We had already done a fair amount of work in that area, and we have certainly included those benefits. They tend to add something of the order of 20 per cent to the benefit stream that would otherwise be there for the project. Yes, that is applied to public transport projects as well as road projects.

Senator LUDLAM—I suppose you would be pretty well aware of some of the criticism that has been put that, in going for the very expensive metro lines, we are passing up opportunities for perhaps less expensive but more extensive ones. A witness earlier today said that we are better off with a large number of small initiatives than two fabulously expensive tunnels. Would you care to comment on those observations?

Mr Hopkins—Certainly. If you go through to the slide headed ‘recent projects’, which is about the 17th or 18th slide, in putting the VTP together, I talked about our six strategic priorities, and the first of those was building capacity into the metropolitan rail system. You do that in three ways. Firstly you try to maximise the way you operate the system to get the maximum out of your existing infrastructure. We had a big dip in patronage through the 1960s and 1970s. During that period, a lot of decisions were made that made compromises between various users. Those compromises were entirely legitimate and understandable at a time when you had infrastructure to spare. That meant things like running more express services to suit the needs of outer suburban areas. The problem with that is that it starts eating up capacity and you start using what we call ‘train paths’.

The last few years have seen us unpicking some of those compromises and moving to a much simpler operating pattern to try to get the benefits that we could. The second thing you do is to start making some of those small improvements. This slide talks about what some of those projects are, and they are about making small investments at key locations to try to milk what you can out of the existing system, to sweat the assets a bit harder. For example, we have built an extra rail bridge at Clifton Hill and changed the operating pattern of the Clifton Hill loop. What happened there was that the loop ran in such a way that it would change direction at noon. It would run counterclockwise in the morning and clockwise in the afternoon. What that meant in the morning was that trains going into the city had to cross the paths of trains going out of the city. That has been unwound. We have also built a second bridge to allow for greater capacity.

Once you start doing that, though, you are getting close to the limits of what is achievable there. Each of the loops has a maximum theoretical capacity of about 22 to 24 trains an hour. You have to remember that those loops are run as four individual loops and there is no way to mix and match services between them. Some of those loops are running close to capacity now and we are getting to the point where we really need to go to the third step, which are some stepped changes in investment. Ray, would you like to add anything to that?

Mr Kinnear—Only that a lot of the debate which has gone on is quite rightfully around fairly short-term operational changes, and I would say that we have made a fair number of those. Even from a pricing perspective, we now offer free travel if you make your trip before seven o'clock in the morning, for example. We have done almost everything we can do to stretch the use that we can get out of the peak period capacity on the system that we have at the moment. Most of the debate is really around, 'Have you got that last 10 per cent of capacity that you might get out of the system?' Whilst we are debating that, patronage is growing by 12 per cent every year. We are looking here for a solution that is going to work for a decade or more in a decade where we are talking about a doubling. So we can have a lot of discussion around 10 per cent here or five per cent there, but it is now upon us that we need to find a means of virtually doubling the capacity in a short period of time. And these projects are the only way to achieve that.

Mr Hopkins—Both the government and the Treasury have quite rightly put us under a fair bit of acid to make sure that we are getting all of these benefits. As much as we would love there to be huge amounts of untapped capacity just waiting for us to flick the switch, it is not true, unfortunately.

Senator LUDLAM—I suppose the counterargument is to establish better development at nodes around the city rather than working out how to get another 100,000 people into the city at peak hour. So why are we not looking at decentralising employment services, housing and so on to the suburbs around the edge of the metro?

Mr Hopkins—And that is very much a part of *Melbourne @ 5 million*. Our argument is that you will always have a strong centre. In fact, the percentage of employment in Melbourne CBD compared to the percentage of employment throughout the metropolitan area is quite low by Australian and international standards. In terms of the percentage of jobs that we have in the centre, it is actually quite low. Part of *Melbourne @ 5 million* is in fact about trying to pick six central activity districts across the city and make those attention for consolidated development—much more intense development around places that already have fairly high-quality public transport links—and then going back and having a look at the way those central activity districts

connect with the residential areas around them. That is underway. Unfortunately, we are at a time when it is not a case of one or the other; it has to do both.

CHAIR—Thank you. I am sure there are a lot more questions to ask, but we do appreciate your assistance to the committee. From submissions today we imagined that you guys were going to walk in here with horns growing out the side of your head, because you are all the baddies. One thing I will leave you with is: why can't you get the trains matching up with the buses on the timetables? You can take that on notice.

Mr Kinnear—You have run out of time now, have you?

CHAIR—You are lucky; we have run out of time. Thank you very much, gentlemen.

Committee adjourned at 4.48 pm