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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE

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

WEDNESDAY, 22 JULY 2009

DARWIN

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SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

REFERENCES COMMITTEE

Wednesday, 22 July 2009

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

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

Senators in attendance: Senators Ludlum, Nash, O'Brien and Sterle

Terms of reference for the inquiry:

To inquire into and report on:

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

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

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Committee met at 8.46 am

CHAIR (Senator Nash)—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport References Committee. The committee is hearing evidence on the inquiry into the investment of Commonwealth and state funds in public passenger transport infrastructure services. I welcome you all here today. This is a public hearing. 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 a 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, a witness may request that the answer be given in camera. Such a request may, of course, also be made at any other time. I remind people in the hearing room to ensure that their mobile phones are either turned off or switched to silent. Finally, on behalf of the committee I would like to thank all those who have made submissions and sent representatives here today for their cooperation in this inquiry. I indicate that Senator Ludlam is appearing via teleconference.

[8.47 am]

McLINDEN, Mr Peter Julian, Manager, Transport and Infrastructure Services, Local Government Association of the Northern Territory

TAPSELL, Mr Tony Francis, Chief Executive Officer, Local Government Association of the Northern Territory

CHAIR—I welcome our first witnesses. The Local Government Association of the Northern Territory has lodged submission No. 120 with the committee. Do you wish to make any amendments or alterations to that submission?

Mr Tapsell—No.

CHAIR—Do you wish to make an opening statement before we move to questions?

Mr Tapsell—Just a brief one. In our view, transport planning is one area that needs a great boost in the Northern Territory. Certainly in local government's view it has probably been lacking a lot to date. We do not think that the level of planning, particularly for the provision of future services within urban areas, has been adequately done. We are worried about land corridors not being set aside for things like bus services and, potentially, light rail. We know that light rail is a long way off because we do not have the population base, but, if we do not have plans in place for such services in the future, we will do what Sydney does, which is put tunnels under urban areas and all that sort of stuff. I think we are at a position here, particularly in Darwin, where, if we do not have proper plans in place for these kinds of services, we will make the same mistakes that Sydney and everyone else has made in terms of congestion. We are on a peninsula here and you only have to look at the development of roads in Darwin itself to see that increasingly we are building more and more roads into the centre of the city. If we lose all the land that potentially could be used for the provision of future services like that, then we will never get around to doing it. It will be too cost prohibitive to make the change. Those are some of the issues. We raised a number of issues in our submission and I would like to talk to them when you are ready.

Mr McLinden—I have nothing to add. In my position I am only dealing with remote rural areas, and certainly with the airlines it has been brought out in the submission that there has been some impost put on local government in regards to regulation and maintaining RPT services. The capacity to honour those commitments, both legislatively and asset preservation, is a risk for the shires and has an impact on the RPTs and regular passenger transport, especially by air. There are about 10 island communities for which air is the only mode of public transport.

CHAIR—Thanks. Senator Ludlam, I am aware you have to leave us at nine for a little while. Would you like to kick off with questions.

Senator LUDLAM—It was a little bit tricky to hear your opening statement, but thanks very much for coming in and giving evidence. Can you tell us the state of public ferry and boat transport particularly outside Darwin? Is there much service around the community?

Mr Tapsell—No, there is not. There are ferry services across the harbour in Darwin and there is a ferry service to Bathurst Island. I have limited knowledge on this but those are the only ones I know of.

Senator LUDLAM—Is there potential there, do you think, or is the population too low?

Mr McLinden—My view is that the population is too low. I know the services to the Tiwi Islands and Mandorah are subsidised, so I would say the population is not at the level there where it would be commercially viable. I know there have been moves with some of the barge services to those remote communities to look at passenger services as well, but once again there are legislative requirements and occupational health and safety issues that have to be addressed. That focus would be more on the tourism rather than public transport for the community.

Senator LUDLAM—You mentioned in your submission that in urban areas at least public transport is being run by private operators under contract or licence. You mentioned that a lot of that is for the benefit of students going to and from school or university. Can you tell us a bit about how the privatisation of public transport services has impacted on Darwin in particular and what kind of level of service you have there?

Mr Tapsell—There are a number of firms that are providing these types of services. They are probably doing it more so than the government service. There is a Territory government bus service and there are also private bus services. I think the Territory government representatives would probably be able to answer that better than I can, but as far as we know the private sector is a large provider of bus services but also that those services are largely confined to the transport of students.

Senator LUDLAM—Thank you. I will be back in about 15 minutes.

Senator O'BRIEN—With the main population centres of Darwin and Alice Springs, can you tell us what roles the appropriate local government bodies play in relation to public transport in those areas?

Mr Tapsell—A very limited role. Usually any form of public transport provided by local government is of a very specific nature. It might be the provision of a bus service for aged care people to go shopping. That happens with a couple of our shires. I know that Darwin City Council was looking at assisting funding a bus service from the terminal at the wharf where the passenger ships come in into the city. That is about the extent of it. We are generally not in the game of public transport, I guess.

Senator O'BRIEN—In terms of the usage of public transport versus the private vehicle, can you assist us in any way with information on the proportion of the population that would rely on public transport in each of those localities?

Mr Tapsell—I would not have the accurate figures on that. My observation about public transport generally is that if it is an excellent service people will use it but if it is in any way deficient then they tend to use the motorcar. I will give you an example. I have a friend who lives at Moil in the northern suburbs. She told me that to get to work she would have to go to the local bus stop and the trip to Darwin in her view was close to an hour, so an hour to get from the

northern suburbs to here. That is because the bus service goes all around the place before it actually comes here. There are alternatives. She could go to Casuarina and get the express service but she would have to park her car or whatnot. In the end she does not do it, she says because the effort to try and get onto the service is too great for her. She reckons she has lots of friends who do the same. To drive from the northern suburbs to here at the moment is only about 15 minutes. Unless the services can compete with that then people will tend not to use it.

Senator O'BRIEN—What about the cost of parking?

Mr Tapsell—That is going up. We now have parking meters in Darwin, so particularly in the CBD Darwin City Council is regulating parking. It is definitely getting harder to park in the central business district. I know Darwin is making plans for future parking developments, and that is going to be inevitable while we continue to build more roads into the centre of Darwin. Alice Springs is also heavily dependent on the use of the motorcar. We will also potentially have some issues when Roxby Downs starts taking product through the town, because the rail goes right through the town. It divides the town and the train is one and a half kilometres long, so getting from one side of the town to the other in an emergency could be a problem. There are those kinds of issues for Alice Springs.

Senator O'BRIEN—And are the private bus operations in any way subsidised?

Mr Tapsell—I think the Territory government people could tell you but I am not sure. I believe they are. They certainly have contracts with the government to provide the service, so presumably they are getting it for the price at which they are prepared to do it.

CHAIR—Mr McLinden, you mentioned regulatory issues. Do you want to expand on that for us on what the impediments are and how that does work and how it could be improved?

Mr McLinden—Yes. If I could give you an example. With the regional aviation security legislation that has come in, the infrastructure has been provided by the Australian government but the impost on the shires has been the operational management of that legislation in regard to ATSIIC clearances for people. There is no capacity for shires to earn revenue from those airstrips and landing fees. The shires are in the middle a bit. They are trying to look after the community needs by keeping prices down for freight and passenger airfares, but they need a revenue stream for the management and running of airstrips. There is funding for maintenance that comes from the Northern Territory government. That is mainly for slashing and general maintenance, and not the day-to-day operations and having someone there for the RPT flights coming in. There is also an impost on the shires in regard to CASA standards and safety on airlines. The shires work very closely with the operators. They need to because it is critical for the social fabric and for the education, health and other services. They work with the operators to ensure that it is commercially viable, but the industry is struggling as well.

Mr Tapsell—The whole landscape for these airstrips is changing because of the Northern Territory intervention. A lot of these airstrips are on Aboriginal land and some of them are within the confines of the new township leases that the Commonwealth has been involved with.

CHAIR—How is the intervention affecting it? What are the changes?

Mr Tapsell—The shires have to make a big decision soon, certainly in the next few years, about their role in the provision of the maintenance of these airstrips because the Commonwealth now has a lease for the airstrips. The Territory government funds the shires to maintain the airstrips and at some point in time somebody is going to approach the shires over their future responsibilities, whether they take a lease or not. They are probably not going to take a lease if they are going to inherit all the future costs of maintaining those airstrips. So that could affect whether or not they are going to be involved in the future. They are tossing that up at the moment.

CHAIR—What then happens if they decide not to do it? Will the strip cease running? Will somebody else have to do the job that the council previously did?

Mr Tapsell—Either the Territory government or the Commonwealth government will have to step in to do something about it.

CHAIR—Have either jurisdiction made any indication that they would be prepared to do that if the shires pull out?

Mr McLinden—The Northern Territory government have a 10-year transition plan for airport, barge, landing and road assets for the shires. That has been done in consultation with the shires. The view of the shires at the moment is that it is not financially viable or sustainable for them to take on those assets without additional funds. We are only talking about the assets not the operation of the airstrips. But there have been discussions about it. The Northern Territory government have funded a significant capital upgrade of a number of the remote strategic strips, upgrading them from gravel and sealing them. So there is recognition of the importance of airlines in remote areas. But the question is about the capacity of any sphere of government to take responsibility for that and the shires are not in a position to do that at this point in time.

CHAIR—Surely the more remote shires would have even less capacity financially to be able to run them and they are the ones who probably need the strips as much as anyone, if they are going to have contact and communication with the rest of the state, and indeed outside the state.

Mr Tapsell—Local government are prepared to take on lots of services provided it has the financial resources to do it. This is a key issue for local government at the moment. Potentially, they could turn around to the government and say: ‘Hey, you’ve got the lease. If you’ve got the lease, it’s yours’ or ‘If you can provide us with the funds, we’ll look after it.’ That is the quandary they are in at the moment.

CHAIR—Transport is a public good. To allow all of the responsibility to fall on shires, who probably have the least capacity to financially support the public good, is quite a conundrum.

Mr Tapsell—We are getting similar issues with other types of assets as well. The Commonwealth is starting to issue grants to councils, and some of the conditions of those grants are that they take a lease, that they pay and that they have asset management practices in place. That means that for something like an airstrip, if you have to reseal it, say, every 10 or 15 years, it would cost millions, particularly if it was something like the Maningrida airstrip.

CHAIR—How many strips through the Territory are used reasonably regularly?

Mr McLinden—Certainly the Northern Territory government would be able to get more accurate figures, but from my understanding there are 17 RPT strips. That includes some mining strips, like the McArthur River mine, that come under the aviation security legislation. My understanding is that there are some 73 that are funded by the Northern Territory government, and they are mainly in remote areas. Once again, the accurate data would be more appropriate coming from the Northern Territory government.

There is a heap of other strips that are not licensed or that are tied up with resource centres in outstations. They are usually gravel; they are certainly not up to Canberra standards with regard to RPT flights. It is all charter flights.

CHAIR—Do you have view on whether or not the Commonwealth should play a role financially in any of the changes, whether it should be a Territory government responsibility or whether the shires should have the responsibility and somehow gain access to funding? Do you have a view on how it should work?

Mr Tapsell—At a national level the Australian Local Government Association has a view that local government nationally should have a fair share of federal taxation. One of our major platforms is that if we are going to deliver everything we have to get it right. We have to fix federalism, we all know that, but if we are to play a role in those sorts of things we have to aim for a level of funding that is going to enable us to do it, and a fair share of federal taxation is one of our major platforms.

CHAIR—There was some discussion in the association about having a percentage of the GST go straight to local councils, wasn't there? Is my recollection right or is there something, just getting back to this idea of—

Mr Tapsell—We are not saying the GST. Some councils are saying GST, but nationally the Australian Local Government Association is not. We are saying a fair share of taxation. We are looking for a change in the distribution of the financial assistance grants as well.

Senator STERLE—I apologise for missing your opening statement this morning. We had a car mishap on the way that led to all sorts of delays. In terms of public transport around Darwin, there is no railway line here, is there?

Mr Tapsell—No.

Senator STERLE—So it is all by bus?

Mr Tapsell—Yes.

Senator STERLE—How efficient is the local bus service in Darwin? If you have mentioned that in your opening statement, I apologise.

Mr Tapsell—It is a pretty good service, but you have really got to make any public transport excellent if you want people to use it. If it is always going to be a bit of a hassle to get on a bus or the timing is not right or anything like that, people tend to go back to the motor car. It is incumbent upon the provider to make sure that it is an excellent service. It is a chicken-and-egg

thing. If you make it an excellent service people will use it, then you will get the economies of scale and everything else. In Darwin a lot of people would say it is a pretty good service for getting people to work. It is certainly a good service for getting kids to school.

Senator STERLE—Is it a regular service?

Mr Tapsell—Yes, as far as I know.

Senator STERLE—And it is well serviced on weekends and after hours, to the best of your knowledge?

Mr Tapsell—I am not sure on those points. Probably not, I would think.

Senator STERLE—What has come out with this inquiry around the country is that even those areas that have very efficient, sustainable, safe and reliable public transport systems still have trouble attracting commuters out of the car and into the public transport system. Obviously, you are not only a capital city; you are also regional, and to an extent you must rely very heavily on the buses. How could the Darwin service be improved, in your view?

Mr Tapsell—I think the infrastructure and the planning are the key things—if we did have bus lanes and things like that. If you look at the bus lanes in Sydney, particularly around the eastern suburbs, you see the buses going flying past and all the cars just sitting there. That has got to be attractive.

Senator STERLE—So Darwin does not have designated bus lanes?

Mr Tapsell—No. The transport economists will probably say that it is not warranted at this point in time, because we do not have the population. But we continue to build roads. We are going to widen more streets here in Darwin to bring more cars in. We may not have the population at the moment, but I would hate to think that 2030 or 2040 will come and suddenly we have got a big congestion problem. We have not planned for public transport to do things like we are talking about. Plus, the worst thing that could happen would be if the land were gone because we have sold it to developers or we have used it all up so it is impossible to put it in. I think that is one of the real dangers we have got to watch for Darwin in particular.

Senator STERLE—I have not been here for a few years, but I was here regularly every second week, and there has been an explosion in population and housing—and who would have thought you would have high-rises to the extent you have in Darwin? The town is on the move. Today I said to Senator O'Brien: 'What slowdown?' It certainly does not apply to Darwin. In terms of planning, are you having those conversations with the Territory government? Are they progressing in what you just mentioned to us about future planning, land and infrastructure?

Mr Tapsell—We probably have not done the level of consultation that we should have. We understand that the Territory government is now going to release a draft transport plan strategy, which I think is great. We only hope that that strategy will encompass some of the things that we have been talking about. We did make submissions to a draft transport plan some years ago—that was quite some years ago—and we have not heard. We made similar comments then, but this is probably the first time since then that anything has come out of it.

Senator STERLE—To the best of your knowledge, Mr Tapsell and Mr McLinden, how old is the bus fleet? Is there one company or are there a number of them?

Mr Tapsell—There are a number of them, as far as I know.

Senator STERLE—And they are franchised to certain runs?

Mr McLinden—Yes, they are under contract with the Northern Territory government. It is probably more appropriate that that question is directed to DPI. They would have more accurate data. The other thing is that, unlike other major centres, in Darwin there are not the impediments of the cost of parking and getting into Darwin. There are no disincentives, if you like, to take the car in. That will change. The congestion is starting, and Darwin City Council is looking at that and at parking and they are thinking about how they are going to handle it. The impost on the driver of the car is not there as it is in other major centres.

Senator STERLE—That is a very interesting point, because the same questions were asked in Brisbane, Melbourne and Sydney. In Sydney you can walk past a car park and there will be a sign out the front saying, ‘All day parking, \$40’ or something, which seems ridiculously overpriced. You would think that would be a disincentive for someone to use a car, but they are full. They still keep coming in and out all day. It is amazing.

CHAIR—Gentlemen, one of the suggestions that you make in your submission is about broadening the remote areas subsidy scheme—obviously to improve the viability of the air services. When you say ‘broaden’, what do you actually mean? Do you mean more dollars or changing how it works? Could you run through what you would like to see in that?

Mr McLinden—We all want more dollars! The subsidy scheme is brilliant, but I think there needs to be more public education about the fact that it exists and who can access it. The impact is not so much on the council directly, because any community group, or even an individual pastoralist, can apply for the subsidy and an airline is contracted to provide the service. The focus is mainly on the provision of mail, health and education services. With regard to supporting the airline industry, we can open it up to, say, Pax so that they can carry passengers. There should be a bit more flexibility in how the subsidy can be used, and it should have more exposure so that the public knows it exists. With our reforms and shire amalgamations, there are a lot of new managers who probably are not even aware of the remote area subsidy. Our association has a role to promote that as well. We need to increase the flexibility to encourage and make airline operators more viable to provide those services. They are under a lot of commercial risk at the moment to provide services. There have been a lot of communities trying to set up airlines, but it is not sustainable. With landing fees and the like, it is just not commercially viable to run those services.

CHAIR—You also mentioned the potential grants to councils for cycle paths. Are there many cycle paths in the towns at the moment? How much scope is there for improvement? Have you done any work on what the uptake would be if cycle paths went in?

Mr McLinden—There is certainly a significant increase. The Australian government has recognised that and, through the stimulus package, has indicated that money will be available for cycle paths. There has been extensive work and an extension of the Darwin network. There is a

network within the major centres of Katherine, Tennant Creek and Alice Springs as well. As to the take-up, Darwin City Council would probably have more of an idea. But when you drive into town you see a lot more cyclists around. Among the defence forces there are a lot of cyclists riding from the Palmerston area out to Robertson Barracks, and they are being accommodated.

Mr Tapsell—But not in remote areas generally. The Commonwealth and territory government proposal for Working Futures is going to look at developing 20 towns in the Northern Territory outside of these major centres. Hopefully we will see better planning in those areas for things like cycle paths. A lot of the remote areas are exemplified by a lack of infrastructure of that nature.

CHAIR—Do you think cycle paths would work in those areas? We travel around a lot and it certainly seems that, if you build a path, people will hop on it—whether they are walking, cycling or whatever. Just looking at the Esplanade this morning, it was chockers with people walking up and down. Do you think it would work in the more remote areas?

Mr Tapsell—I think it will work for these 20 towns. What appears to be happening in some places is that they are starting to spread out, so it would make a lot of sense to have cycle paths. In Maningrida, for example, they are talking about developing a housing precinct over the other side of the airport. It will be quite a distance from the rest of the town, so a cycle path would be an obvious thing.

CHAIR—To link it all together. Mr Tapsell, you mentioned earlier that you had put in submissions to a draft transport plan some time ago and nothing had happened. In your view has there been a bit of stalling on a concrete or focused transport plan? If so, why? Is it just that it has not been a high enough priority to get a concrete transport plan together?

Mr Tapsell—I think so. I would not say that the desire to have a plan is not there, but I would suggest that the getting of the message out to the public and to local government is not there. I think that is probably why the government is putting such a focus on it now. We did the submission, the plan went out and we never heard any more about it after that. That was some years ago.

CHAIR—Was that disappointing at the time?

Mr Tapsell—Yes. These are becoming increasingly problematic, particularly for Darwin. The Territory government is spending \$100 million, probably using Commonwealth funds, between Darwin and Palmerston. Our roadworks are increasing markedly. They are some of the concerns that people have. In some of the northern suburbs, I would think, it is going to be quite difficult to introduce rail services at some time in the future. Most people would say, ‘You are never going to have rail services in Darwin.’ You might in 2050, but if we have not got the plan in place it will never be done. I guess that is the main point we are trying to make.

CHAIR—As you say, you actually have got an opportunity when you look at it compared to, say, Sydney, which is pretty much done and dusted. But you are in a much earlier stage, so you have the opportunity for that planning to be put in place.

Mr Tapsell—That is right, yes. I am hopeful the Territory government will come along and say, ‘We’ve done all this—

CHAIR—Give us all the answers!

Mr Tapsell—and we are sorry local government did not know.’

Senator STERLE—With the new suburbs that are popping up around Darwin, does the Territory government sit down with local government to start planning public transport routes?

Mr Tapsell—Lots of times we have to chase both the Commonwealth and Territory governments for details of their plans. Trying to keep up with all the things that they are doing and having input into them is, I guess, a challenge for us.

Senator STERLE—Sorry, I probably did not word it how I meant to. When there are new suburbs being created—

Mr Tapsell—Up here, unlike in other states and territories, we are not involved in building regulation or planning.

Senator STERLE—Aren’t you?

Mr Tapsell—No. We are probably the only state or territory where local government does not play a major role in those functions. Having said that, though, we do have representation on some planning authorities. The Darwin City Council, for example, does have representatives on some planning authorities, but we do not play a direct role in planning.

Senator STERLE—All right, let us ask the hard question. Does the Territory government do a good job when planning new suburbs of taking into account public transport needs?

Mr Tapsell—That is a hard question.

Mr McLinden—They could do it better.

Mr Tapsell—They might argue that it is not necessary in a lot of centres because we do not have the populations, so the need for that kind of planning is not as great.

CHAIR—Gentlemen, thank you very much for appearing today.

[9.26 am]

PIANTONI, Mr William, Managing Director, Metro Mini Bus Pty Ltd

CHAIR—Welcome. Would you like to make an opening statement before we move to questions? Perhaps you could tell us what you do.

Mr Piantoni—Basically, we run a small operation of 13-seater commuter buses. We service the public as well as government departments and schools. We also have inner-city transportation that is quite cheap to help all the elderly people get around and sightsee when they are here on holidays. We also do charters and tourist runs to various parks and things like that. It is pretty well a 24 hour a day, seven day a week operation. It keeps us pretty busy.

Senator O'BRIEN—I believe that your service fills a very important role here in Darwin. Is it only a Darwin operation?

Mr Piantoni—Yes.

Senator O'BRIEN—Do you have a rough idea of how many passengers a year your service would carry?

Mr Piantoni—We do around 240 jobs a day. Those jobs range from one person to 13 people at a time, so on average I would imagine that we would do maybe a couple of hundred thousand people a year.

Senator O'BRIEN—Are you a taxi service or is it a scheduled route service?

Mr Piantoni—We are more like a taxi service. We do not actually have any scheduled route services, so we are more like a taxi service, but we multi-hire, which brings the price down for the customers. A lot of our work is like that. We also do, as I say, charter work, school transfers and airport transfers for different companies and people.

Senator O'BRIEN—Are you regulated? Does the Territory government regulate your operation in anyway?

Mr Piantoni—No, not really.

Senator O'BRIEN—I presume you have to be licensed in some way to be a transport operator.

Mr Piantoni—Yes.

Senator O'BRIEN—But they do not tell you the sphere in which you can operate or anything?

Mr Piantoni—No, not really. There is no stipulation on that. We can operate anywhere. We do service places in Katherine, Jabiru and Daly River. They just ring up and make a booking either 48 hours prior or the day before and we drive out there and accommodate their needs.

Senator O'BRIEN—So it is like a maxi taxi operation, as it would be called in other parts of Australia?

Mr Piantoni—That is right.

Senator O'BRIEN—Is it a flag fall operation or a fixed fee operation?

Mr Piantoni—It is a fixed fee operation, so everybody knows what they will pay before they step into the vehicle. Ninety-five per cent of our customers get quotes before we carry them around. Basically, we have no flag fall or anything like that; it is straight A to B at a set price. It does not matter if there is one person or 13 people in the bus.

Senator O'BRIEN—Is it a mix of tourists and locals who use your operation?

Mr Piantoni—That is correct, and also large businesses.

Senator O'BRIEN—Do you have any special connection with the Territory tourism body?

Mr Piantoni—No, we do not.

Senator O'BRIEN—Is there some general way your product is sold through hotels or motels?

Mr Piantoni—Basically, all the hotels and motels have been using Metro for quite a while. They just ring us up when they need transfers done and make bookings and we are there at that time.

Senator O'BRIEN—I think you mentioned this, but how does transporting elderly people who do not have access to other means of transport work?

Mr Piantoni—Once again, a lot of those people are staying in the motels. The motels ring us and make arrangements for us to pick them up and take them on tours or get them from A to B.

Senator O'BRIEN—Would a person who resides in the outer suburbs of Darwin be the sort of person who would regularly use your service to get into town or to get from one suburb to another?

Mr Piantoni—Yes, they are. We are a very well-known company, so we do not do too much advertising. A lot of people are aware of the service. Even people who live in the northern suburbs or the outer Darwin area are aware of who we are and how we operate. They ring and make bookings for what they need to do.

Senator O'BRIEN—Do you have any idea of the proportion of tourists versus locals that you carry?

Mr Piantoni—It is 90 per cent locals and probably only about 10 per cent tourists.

Senator O'BRIEN—Does your company receive any financial assistance from local, territory or national governments?

Mr Piantoni—No, not at all.

Senator O'BRIEN—How does it intersect with the more regulated bus services that have effectively a permit to operate different routes in Darwin? Is there any linkage? How do you work with them? Is there a conflict?

Mr Piantoni—No, there is no conflict. We quite often transport a lot of people from where they live to the nearest bus stop or the nearest bus depot for the public bus system. That is mainly because a lot of new suburbs and areas do not have a route. They use us like a connector bus. They ring up and say they need to be at the bus stop or the bus depot at a certain time, and we pick them up and drop them off there.

Senator O'BRIEN—What does your service cost? How should I understand the economics of your service for someone who wanted to go to a bus stop or something?

Mr Piantoni—Basically, because we are a multihire company, we are a bit cheaper than the normal taxi service. For example, you could ring up and say you want to go to Darwin city from Palmerston and there are four people. You would pay your fare, which was, say, \$40, and at the same time we may have another booking for someone else who is going in the same direction and we would pick them up at the same time and take them with you and drop you off at your destination and the other people at their destination.

CHAIR—So a passenger can just be lucky if there are a number of people wanting to go from where they are. You can accommodate that and bring the price down for everybody.

Mr Piantoni—That is correct.

Senator O'BRIEN—So it is a flat fee and then you spread the fee amongst the number of passengers?

Mr Piantoni—No. Each group of passengers pay their own fee for where they are going, because one group might be going to Cullen Bay and the other people might be going to Stokes Hill Wharf. That is why we keep the groups separate. But it is a lot cheaper than using a taxi for that reason—that we are multi-hire.

Senator O'BRIEN—How many vehicles are in your fleet?

Mr Piantoni—We have 15 or 16 at the moment, and we need to upgrade the fleet to about 20 or 25. We just cannot get the drivers at the moment so we cannot upgrade. It is a very hard situation.

CHAIR—Gee, that is interesting, isn't it?

Senator O'BRIEN—What is the impediment—that people do not like driving, there is a labour shortage in Darwin or—

Mr Piantoni—It is a mixture of things. It is partly that there is a bit of a labour shortage. It is the fact that we do not actually pay a wage; we pay a commission, and people need to be on an ABN. It is the lengthy time it takes for the people to obtain the licences to drive the vehicles—if someone is unemployed they might say: 'Well, I can't hang around for three or four weeks to wait for this job. I'll go out and get another one.' It is also the cost—most people who come knocking on the door for a job do not have any cash, they do not have the money to go through the courses, obtain their criminal histories and things like that, so I cannot take them on unless I am prepared to fork out the money from my own pocket and take the risk that they will not stay and drive for me. A lot of times I get burnt—people drive for one day and then decide it is not what they want to do and I am left out of pocket—so I do not do that real often any more. Night-time is probably the hardest time to get drivers for. Not many people like to work at night-time. Some of the passengers are a bit 'how're you goin'" at night-time compared to passengers in the daytime. In the day we do more work for companies, schools, mothers and kids and pensioners, so it is pretty easy work. At night-time some people can be a handful. The majority of the people are pretty good, but trying to get people to drive is a bit hard.

Senator O'BRIEN—So you have 40-odd drivers?

Mr Piantoni—I have 38 at the moment and I am probably about nine or 10 drivers short for the fleet I already have. I constantly advertise—every week, all year through. Sometimes I will not get any applicants for two or three months and then all of a sudden I will get four or five. Two or three of those people will come through the loop. Maybe one of those people will stay for a lengthy period of time and the rest will only do two or three months and then finish up. It is a little bit hard as far as the drivers go.

Senator O'BRIEN—Have you approached any of the employment services operators to see how they can assist you?

Mr Piantoni—Yes, we currently deal with Mission Australia and a couple of other places, but, once again, more people are looking for jobs where they get paid a wage and there is superannuation, which is just impossible to do in this industry, especially when they are handling cash. As an operator, I could say to you, 'Yes, I'll pay you \$25 an hour,' but there is also a risk that some of the drivers will take money from that cash without us knowing. We can monitor that to a certain degree but there is always a certain amount of money that can be taken without us knowing. That is probably the biggest reason we do not pay a wage. I have paid a wage on a couple of different operations, and that does seem to work—I get plenty of drivers. But, once again, those jobs are only for very short periods of time, and we then get rid of the people because they do not want to drive the actual minibuses.

CHAIR—With all the drivers on commission, how do you divvy up the jobs, if you like, to make it reasonably fair across the drivers?

Mr Piantoni—Our base room have a manual that instructs them on how to give all the work out. Let us say that what we call a D5 is a \$40 job. The operator keeps track of how many of those she gives to each car so that at the end of the day most of the drivers are within \$20 or \$30

of each other. The only time you will find a big difference is when you have a driver that will not cooperate and use the radio system that we have and that goes off and starts to do their own things. By the end of the day he is probably \$100 less than everybody else, or if he has a lucky day he could be \$200 more than everybody else. That does not happen really often because they either do it the right way or we do not employ them. We have to try and make it fair for everybody.

Senator STERLE—What would be the average earnings of your drivers a week?

Mr Piantoni—The averaged earning is about \$1,000 a week for around about 50 hours. It goes up from there depending on how they operate the vehicle, whether they do night shift or day shift and whether they work certain days. Some days are busier than other days, so that has a bearing on how much they earn. Pretty well the minimum anyone earns at that job day or night, and not focusing on what days they work, would be \$1,000 for the week.

Senator STERLE—It would be in your best interest to know what the bus companies are paying for similar work.

Mr Piantoni—That is right.

Senator STERLE—Is \$1,000 a week for 50 hours about a town average?

Mr Piantoni—It is probably around about the average. There are not too many places that pay more than that, and quite a few pay a lot less. The only difference is that the drivers have the hassle of separating their GST, their tax and their superannuation. At the end of the day, if you drove for someone like Buslink the wage you would get would pretty well match our wage most of the time, I would imagine. There are not too many bus companies that do what we do and pay a wage. Basically, all the bus companies that pay wages have set route runs like Buslink and others. A lot of them work for the government, so they are guaranteed the money and that is how they pay their wages, whereas if our phone does not ring tomorrow we have no-one to fall back on.

Senator STERLE—You have runs but you are very flexible.

Mr Piantoni—That is right.

Senator STERLE—I was attracted to the flexibility of the service when I first used it in 2002. I used it because I was in a cab from the airport whose driver did nothing but whinge about the Arafura Shuttle, so I thought I had better try the Arafura Shuttle, and it was a very effective service. Is it still the case that you will pop in to a side street, drop someone off and pick someone else up?

Mr Piantoni—That is still the case. Nothing has changed. If anything has changed it is that we have improved the service a bit more in different areas. The service is very flexible and quite cheap compared to other services around the city.

Senator STERLE—Do you have an estimate of yearly patronage? If you have told us already, that is all right.

Mr Piantoni—We have clientele that use us day in, day out, like the mother that takes her kids shopping. She will normally use the service a minimum of three times a week. We have other people that use the service every day of the week, each morning and each afternoon, to go to work or something like that. Probably 30 per cent of our clientele are people that use us on a daily basis or on a weekly basis, and the rest of the people are just on call.

Senator O'BRIEN—Do people sort of use you like a carpool to go to work? Are there regular groups who go from a particular area and spread the cost?

Mr Piantoni—No, we do not do too much of that. What we find is that a lot of the companies that employ people who have not got licences or transport will normally hire the bus on a permanent basis and we go round, pick their workers up, drop them off at the site, pick them up again in the afternoon and take them back home. We offer a door-to-door service. If you were working at the wharf, we would start off in Palmerston, let us say. There might be one person there who is going to that site. There might be one in Nakara, there might be one in Coconut Grove and there may be a couple in the city. We would just do a big loop, pick them all up and drop them all off at the work site and then do the same thing in the afternoon.

Senator STERLE—If someone puts a call in to you just out of the blue, what is the normal waiting time—average?

Mr Piantoni—An average waiting time is about half an hour. In peak periods when you may have something like the show coming up, we find that there are delays of up to an hour. But customers are normally informed of that at the time. We say, 'Look, we've got 15 to 20 jobs on hold at the moment, so it could be within an hour.' It is not very often that we go over that. The average would be somewhere between 15 minutes and half an hour. A lot of times, you would get picked up in 10 minutes. But we always quote 15 minutes or half an hour.

Senator STERLE—Of course, if somebody is standing on the side of the road they only have to put their hand up and if there is a seat you will pull over.

Mr Piantoni—That is right.

Senator STERLE—Are you similar to taxis? Is there a licence fee that you have to pay to the Territory government?

Mr Piantoni—Yes. Our plate fees are pretty well the same as those for taxis. We pay the same rate. We do all the same things as taxis. The only different is that we have not got the exposure that taxis do. What I mean by that is that if you have a look at the airport they have good exposure to people when they walk out of the door. We have one little parking spot right up the end in the dark. It is the same round the city area. If you have a look, all the taxi ranks are in prime locations, whereas our ranks are few and far between and hard to find. That is probably one of the biggest reasons why we do not have vehicles based in Darwin city all the time—we just do not have the exposure. You could not expect a driver to just sit around the corner somewhere and hope that someone is going to walk into their bus and want to go somewhere. The taxis are all over the place.

Place like the airport we try not to service unless people make bookings. We have a lot of people who ring up from Melbourne or Sydney or whatever who say: 'I'm flying in on this flight. There are four of us. We want to be picked up and go to the Novatel.' We will meet that plane and pick them up. But if we are a little bit quiet work wise we will not just go and sit at the airport and hope that we get a fair. The same thing applies in the city and at Casuarina, purely because the taxis have all the major spots where people can see them—you walk out of a door and there they are. If you walk out a door and try to find a minibus, you need a navigation system that knows where we are.

Senator STERLE—Yet you pay the same fees as the taxis.

Mr Piantoni—We pay the same fees as the taxis, yes. Apart from that, everything else pretty well works the same. We can pick up hail fares and we can multi hire. We pretty well do everything, except without the exposure.

Senator STERLE—If someone wants to book your metro bus and have it to themselves, they pay a set fee—whatever that may be. But is it the case that if there are more people the price becomes lower per person?

Mr Piantoni—It does, yes. In other words, if you were going to go to town by yourself, you would pay the full rate. But you might book a bus going to town when there are 13 in your group. If you split 13 into 40, you are getting away quite lightly. It does not change. Whether there is one or 13, it is a set price. And nine times out of 10 that fare would be cheaper than catching the taxi even if you were the only one paying the fare.

Senator STERLE—So typically, if I am standing on the side of the road in Palmerston and one of your buses goes by and I put my hand up and jump in with others, what would it cost for me to get from Palmerston to the city?

Mr Piantoni—If you were coming into the city it would cost you \$40.

Senator STERLE—Even though I am sharing with 12 other people?

Mr Piantoni—But those 12 other people, probably nine times out of 10, will not be going to the city. They will probably just be getting dropped off locally. If you hail one of our buses and we have got four people on board, and those four people have boarded the bus—one may live in Moulden, one may live in Woodroffe and one may live in Rosebery—we drop those off first because they are in that local area, and then we continue into the city. You would be the only one going into the city on that bus.

Senator STERLE—Right, and paying the full fare.

Mr Piantoni—And it is like that because if I picked you up in the city, for instance, and you were going to Palmerston, but someone else hopped in and he was going out to Casuarina, we would then have to detour. So he would pay his fare, which would be, let us say, \$25 to go to Casuarina. It is cheaper than a taxi anyway so he has done all right because he has saved money even though he has paid the full fare. You would be in the same boat. You would still be paying less than you would for a taxi even though you are going by yourself.

Senator STERLE—So your business is attractive for groups.

Mr Piantoni—Yes.

Senator STERLE—Senator O'Brien said that if people were car-pooling this would be a very attractive system.

Mr Piantoni—It would, because if you are car-pooling there would still be the \$40 and you would still have 13 people on the bus. So if there were 13 people car-pooling you would divide that 13 into \$40 and that is how much it would cost you to get from Palmerston to the city. If you had to drive your own car, it would cost you more than that just in fuel.

Senator STERLE—Parking fees or whatever. Does your company market that well in Darwin?

Mr Piantoni—We do not actually do too much advertising. The company has been operational for 14 years. It is very well known and it has got a pretty good reputation, so we find that we do not need to do too much advertising. The only area that probably would need advertising would be all the new suburbs that they build from time to time. Maybe we would then advertise in a new suburb because a lot of the people who live there would be coming from interstate but otherwise, apart from that, everyone pretty well knows the service.

Senator STERLE—I think that for Perth where I come from it would be fantastic. Make no mistake, it would be great. If you had a group of car-poolers, say, 13 people, is it possible that, if they were all picked up in two or three locations very close together that there would not be any extra charges and it would still be \$40? Is that how it works? Or do they all have to be at the one-stop?

Mr Piantoni—They would all have to be at the one pickup and the one stop. If you start to do different locations, then the price does go up depending on the locations.

Senator STERLE—It would still be an attractive situation compared to daily fuel, parking fees and the hassle of sitting on the freeway in the major cities.

Mr Piantoni—Yes.

Senator O'BRIEN—The example you gave earlier of a company that might have you pick up a number of its workers to drop at one point: how would that work for them cost wise, because that would be a variety of pickups but one delivery destination?

Mr Piantoni—It would depend on how many pickup points they have. Basically I get all the information and I try to assess the job. You may have five pickups but if they are all in the same suburb, then you can cut your pickup costs. But it does get expensive when you need to go from this side of town to that side of town and from that side of town to this side of town and then branch out. That is when it does get expensive. But, if it is within the same two- or three-kilometre radius, that is where we cut the pickup costs because you are only going from one street to another. We charge \$10 per pickup or per drop-off over and above A to B. If your company said, 'Look, I have got six pickups but they are all within the same two-kilometre

radius,' I would then charge you maybe \$4 or \$5 a pickup and drop-off and then the base rate from A to B. So it really depends on how many and where they are, and you need to assess every job on its own in that situation.

Senator STERLE—With your fare structure, do you have to work with the department of planning and infrastructure or transport here in the Territory, or can you set your fares?

Mr Piantoni—We can set the fares to where we want them, but we do supply price lists. Every time we have a price rise or change prices we normally supply a list to the department and they can sort of keep that on file. So if someone rings up and makes a complaint they can always go back to that and have a look. It is a fairly basic price list because, as you can imagine, there are that many areas and our price book is probably about 40 pages long. It gives every price and every scenario you might think of. On our window, the price list is about this long, and it has all your basics on it, and at the bottom it tells you to inquire if you want to do something else.

Senator STERLE—I will come back quickly to the registration fee you pay to the Territory government. What does it actually give you, apart from a bay at the airport that you need a GPS to find?

Mr Piantoni—That is a good question. I cannot think of much.

Senator O'BRIEN—The right to operate.

Mr Piantoni—Yes, basically the right to keep your vehicle on the road. That is about it. There are a lot more things that could be done. I will give you an example. I went to Adelaide 12 months ago, and it was half past 12 at night and there was an inspector booking a car for parking on the taxi rank. That was at 12.30 at night. You would be lucky if you were to see anyone here at 12.30 at night. I think there could be a lot more done in that area—all the fees that are collected and what they get spent on—but that is out of my hands.

Senator STERLE—And the business: can you give us some growth figures? Has it exploded in the last two years, or has it been around 38, 40 or 44 vehicles every year?

Mr Piantoni—It does go up. Each year, apart from this year, we have been getting busier and the turnover has been increasing. This year has not really gone up. It has gone down a little bit, mainly because a lot of the mining companies that we did work for have now closed down or ceased operation for a short period of time. The schools do not seem to be moving around as much as what they used to in previous years. So yes, it has gone down a little bit this year.

Senator STERLE—Do you do contract school bus runs as well?

Mr Piantoni—Yes. They are not actually written contracts, but we have schools that use us all the time. They just ring up and tell us what their itinerary is, and we supply the buses.

Senator STERLE—Are these state schools or independent schools?

Mr Piantoni—They are state schools and a few private ones.

CHAIR—Is that for permanent pick-ups or is that more for excursions and that type of thing?

Mr Piantoni—It is more for excursions and that sort of thing. We do not do too much of the permanent pick-up side of it, basically because that is all tied up with another company. They do pretty well all the government work.

CHAIR—Are there any other companies that operate the same way that you do in Darwin? The flexibility that you have and that you offer is terrific.

Mr Piantoni—Not at the moment, no. There were about five or six different companies going back six years ago. That is when our fees were a lot cheaper. Our fees for minibuses used to be only \$5,000 or \$5,500 a year, and then they slowly progressed up to \$16,000 or so. In that transition period, where each year they have gone up by a few thousand at a time, companies have been closing down and have not been able to afford to operate.

CHAIR—What is that charge?

Mr Piantoni—That is for the plate fees—

Senator O'BRIEN—Per bus?

Mr Piantoni—For a taxi or minibus.

CHAIR—How did your company start? What led to the beginning?

Mr Piantoni—I cannot answer too much on that because I took over the company from someone else about seven years ago. Prior to that, I think the Territory government must have allowed minibuses to come on board. Even at that time they had different plates. I am not too sure about that. It progressed from there. More people started buying them and running these operations. When the fees started moving, that is when it all got too hard and people started going broke and closing down.

CHAIR—Why do you think you have been successful where others have not? If we are going to use it as a bit of a template for other cities or places, why do you think you have been successful?

Mr Piantoni—I put it down to a couple of things. First, I was fortunate to have a lot of money behind me when I started, to get me through these times. Second, the way I run the company and discipline staff who drive for me has a lot to do with survival. Basically, I have known certain people who are efficient. The biggest part of the reason why I am still here is that I had money behind me when I started, otherwise I probably would not be sitting here today either.

Senator STERLE—It is an interesting concept. I did not want to say it, but when I used it I am sure it cost only a gold coin. But, anyway, it was only a hop, step and a jump.

Mr Piantoni—It was. I remember that when it started it cost, I think, \$1.50 per person.

Senator STERLE—I got ripped off—I paid \$2, I think.

Mr Piantoni—It went up to \$2, then \$3 and then \$4, and that is about where it is now—\$4 per person.

Senator STERLE—How much were the fees back then?

Mr Piantoni—They were around \$5,500 per year.

Senator STERLE—Sorry—you did say that. It is now \$16,000?

Mr Piantoni—Yes, it is \$16,000.

Senator STERLE—And you have about 16 buses?

Mr Piantoni—Yes.

Senator O'BRIEN—Is there any possibility to use your services in conjunction with the other services, in a different way than you currently do, to supplement the service around town for particular routes, for example, rather than job-by-job hire?

Mr Piantoni—I would imagine that it could be done, but that is entirely up to whether the government wants to take that on board or whether it lets us run it in the way we do. You will find that at a lot of those route services are government funded anyway. That is pretty well all tied up here in the Territory. I am not sure about Brisbane or Sydney. I would imagine that different areas and different government bodies would tender them out. I have not seen any of that work come up for tender here since I have been here, but that is not to say it does not. I do not really know how it works.

Senator STERLE—In Perth there is a classic example. Taxi drivers are very vocal about it. We have a problem shifting the late-night revellers. There are lots of problems because a lot of taxis do not want to do it. There have been trials of buses, but then you get all the drunks in one bus and it creates havoc. The thing is to try and move them out of the nightspot centres of Northbridge and Fremantle. Does that happen here in Darwin?

Mr Piantoni—Yes, it does. We have pretty well the same problem that you just talked about. If you use a bigger bus or a 13-seater bus, you just get more drunks in a confined area and it creates more problems. It is a lot harder to find drivers to cope with that. I do not allow my drivers to finish up at, say, 3 o'clock before the clubs close and go home and leave everyone standing on the street. In the contract that my drivers sign, they must hire the bus at a certain time and not finish until a certain time. I think with the taxi operations their drivers are more or less allowed to do whatever they want. If they want to start at four in the afternoon and knock off at midnight, that is how it is going to be and no-one is going to change it.

I did have that problem when I took over Metro, but then as soon as I sacked all the drivers and left all my buses parked up in the yard for a few nights people slowly started coming back and asking, 'Can I have my job back?' I said, 'Yes, you can have it back but it will be on my terms.' I think that has a lot to do with it. It is a bit hard doing it my way as well, because that makes you liable if anything does go wrong. The driver can turn around and say: 'Well, you made me pick them up. You made me stay out.' That is another thing that you have to watch. I

do give them the option. I say: 'If they're too drunk, just don't pick them up. Pick up someone else in the crowd.'

Senator STERLE—Mind you, that is easier said than done, isn't it? If they are a group of revellers who have gone out together, it is a bit hard—and, mind you, I have seen it happen—telling one they cannot get in the bus but saying the other five can.

Mr Piantoni—It is okay if you are at a secure taxi rank and you have security guards trying to control the situation. But, if you are just picking up from the normal rank, where there is no-one there to police it, you could get yourself into a lot of trouble. It depends how you handle it on the night, I suppose.

Senator STERLE—The problems are not constrained to borders.

CHAIR—That is for sure. Do you have many issues like that? You say, 'This could happen,' or, 'That could happen,' with those sorts of late-night revellers. Do you have a lot of actual trouble or is it just trying to be aware all the time of the possibility?

Mr Piantoni—We have got a pretty good rapport. We may have two major incidents a year. You get plenty of fares that are vocal, but as far as physical violence goes we do not really get much. Over the last couple of years I have been monitoring the situations I hear about, for some reason the taxis seem to cop a lot more of the violence compared to us. I do not know what the reason behind that is. I do notice that they cop a lot more of the violence than we do for some reason. It may be because, if a violent person gets on the bus, he knows there are 10 other people there who will jump in. That could be a deterrent. I do not know. We do not really get too much stuff like that happening. I think last year we had two assaults. We had none the year before. There have been none this year so far, but we are only a month into it.

CHAIR—Did that lead to any issues between the drivers and the company?

Mr Piantoni—No. Actually, the same two drivers are still working there. They all understand that there is a risk and they all understand that you will cop a certain amount of abuse. I suppose it all comes back to the person, how he handles the situation and whether he is strong enough to take that abuse. Everyone is different. That is basically what I am trying to say. For some people, if something happens once he will never drive a vehicle again. For other people, it can happen six times and each time they get stronger and they deal with it in different ways the next time.

CHAIR—Do you have mostly male drivers? Are there female drivers as well?

Mr Piantoni—They are mostly male. We have a couple of female drivers but mostly male drivers. The female drivers tend to work more during the day and that is probably a bit more of my doing than theirs. I have had a couple who have wanted to do night shift but I am not real keen on that situation. I try and keep them more on the days.

Senator STERLE—What we have found in other inquiries travelling around the country on other issues is that there is a great workforce out there in terms of mothers who are available once the kids have been dropped off to school and prior to them being picked up in the afternoon. Do you have many of those employees or contractors?

Mr Piantoni—I do have, probably, three or four like that. They can only work once the kids have been dropped off and then they have to finish at a certain time to get back to the school. I am pretty flexible with things like that. I am pretty flexible with single parents if any of them come along. At the end of the day you need that flexibility because someone that may have a child who is going to school could end up being your best driver. Whether that person only works one shift a week or four half-shifts a week, you are better off with a good driver than a bad driver or no drivers.

Senator STERLE—Especially when you have a labour shortage, as you have.

Mr Piantoni—Yes.

CHAIR—Thank you very much for appearing here today. We appreciate it very much.

Mr Piantoni—Thank you.

[10.11 am]

MORRIS, Mr Leon, Director, Indigenous Policy, Office of Indigenous Policy, Department of the Chief Minister, Northern Territory

GRATTAN, Mr Kenneth, Director, Network Development, Department of Planning and Infrastructure, Northern Territory

MORRISSEY, Ms Marjorie, General Manager, Sustainability, Strategic Planning and Policy, Department of Planning and Infrastructure, Northern Territory

SHEARER, Mr Stuart Henderson, Director, Public Transport, Department of Planning and Infrastructure, Northern Territory

PAPANDONAKIS, Mr Nicholas, Executive Director, Transport Services, Department of Planning and Infrastructure, Northern Territory

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

Ms Morrissey—Thanks very much for the opportunity to present today. It is a very important issue for the Northern Territory, and we have acknowledged the terms of reference and the parameters of the review. We just want to emphasise there is more in this tag team than the four people sitting at the front. We have various expertise sitting around us for when we get into more detailed questioning. We have noted your journey around Australia. We have noted the key issues outlined in other jurisdictions and the public transport issues. Many of those urban issues would be similar to the issues faced in the Northern Territory. I would like in particular today to outline some of our regional and remote issues because in the future planning of public transport services in the Northern Territory we feel that is where the emphasis will need to be both in terms of public policy and in terms of funding and infrastructure.

Within that context I would like to take a minute to talk about our geographical and population sitting. There is a population of around 221,000. Darwin has 117,000 or thereabouts. It is the only centre classified as a large urban centre. Our population density overall is extremely low, at approximately 0.16 persons per square kilometre. Darwin and Alice Springs hold approximately 66 per cent of our population and a further 7.88 per cent live in smaller urban centres of Katherine, Nhulunbuy and Tennant Creek. They are the main urban highlights.

Outside of these places the vast distances, isolated population centres and remote communities are a challenge for governments, bureaucrats and others working in this space. And we concur with our colleagues from the Local Government Association about the particular challenges in the bush and the need to address them. Those long distances create challenges for moving people for social, recreational, employment, health, educational, business, tourism and other purposes. There are big needs out there on a daily basis. To add to this we have the seasonal mix in our particular set of circumstances. For many months of the year many of our communities are isolated, and that creates great challenges for accessibility for health, education and normal commuting.

To meet these challenges over time the Northern Territory population and government have responded with a very creative mix of road, air and marine transport—and this needs constant refocusing as players come in and out of the market and other needs emerge. The regional circumstances and the regional solutions to those circumstances are very important and there is certainly no one-size-fits-all solution for public transport needs in the Northern Territory. We have an extensive network of roads and bridges. Maintaining this infrastructure to allow for the delivery of services is a great challenge in itself. I think you would have seen situations that make the national papers—such as the recent Barkly floods—and the enormous effort put in to remedy those situations. Statistically those things happen and they create more of that challenge.

To those geographical and social circumstances you can add the particular policy mix in the Northern Territory at the moment. We have significant responses such as the Commonwealth government's Emergency Response, which has been mentioned again by our local government colleagues. This has created new constructs. We also have the Northern Territory government's Working Future program, an important focus of which is the development of 20 growth sounds. This was mentioned by the Local Government Association as well. A key focus of both the Commonwealth and the Northern Territory government endeavours at the moment is to improve social and economic benefits. We would argue very loudly and forcefully that transport is such an important part of the future delivery of many of these services. The planning and provision of public transport services and infrastructure, including roads, aerodromes and barge landings to support new and current hubs is going to be critical in terms of health, education, housing and employment outcomes.

I would like to indulge in an example of a desktop exercise that was carried out in relation to Maningrida, which is one of our communities that was mentioned this morning by our local government colleagues. It is a remote community in north-east Arnhem Land. The exercise was based on a 50-kilometre radius zone. The operational cost, excluding roads, of providing public and school bus transport to and from Maningrida and the outstations varies from about \$1 million to \$2.3 million per annum, depending on the service delivery parameters. We can provide figures on the Darwin comparison to that.

CHAIR—Is that for school transport, or for all transport?

Ms Morrissey—It is for both public and school bus transport. The cost of upgrading the existing maintained network of Northern Territory government roads and shire roads within the 50-kilometre radius zone to targeted standards—that is, upgrading to sealed, gravelled or formed standard based on traffic demand and need—has been estimated at \$30 million over the next 10 years and a further \$32 million for the following years. Those figures are based on 2009 data.

They do not include the escalation of costs that is a regular feature of road infrastructure building in Australia.

CHAIR—Sorry to interrupt. What population would that service?

Ms Morrissey—What is it in that area, Leon?

Mr Morris—We are talking about Maningrida, which is hinterland. I can only make an estimate.

CHAIR—Yes, that is fine.

Mr Morris—It would be in the region 3,000 to 5,000. I can get details, if you like.

CHAIR—Yes, if you could take that on notice and come back to us, that would be good. Thanks.

Ms Morrissey—Those costs would be typical. That is one of the 20 growth towns. With escalation in those costs we can begin to appreciate the amount of future spending that will be needed in this area to provide public transport services. In a recent submission to Infrastructure Australia, the Territory identified the cost for upgrading major regional roads from their current low-standard, unsealed condition, with minimum drainage structures, at approximately \$1.6 billion for the regional development roads and over half a billion for Indigenous community major access roads. That is in addition to the figure that I cited above. They are big numbers, so we would see those future public policy developments as very important.

What are we doing in terms of our integrated transport planning? Currently we are working on a 10-year transport strategy. In our notes to you when we were invited to submit to the inquiry, our minister replied that we have a number of pieces of work underway at the moment, which was the reason for the lack of a formal submission. We are developing a 10-year transport strategy. That will be a high-level framework to coordinate our delivery of transport services and infrastructure across the Territory. It will encompass both urban and regional services. Importantly, as part of that, we have commenced work on a 10-year integrated regional transport strategy through a comprehensive study of regional transport issues and opportunities. The study will look at ways to improve and expand passenger and freight services to communities, and will make recommendations on possible service delivery models, which may encompass marine, aviation and bus services, which take into account those different needs that I mentioned before, given different community needs and different geographical circumstances. We will have something in draft by the end of this year on that. That is a major exercise. To my knowledge it is the first time it has been attempted in the Northern Territory. We will be using that to inform a lot of our future planning.

You may be aware that there are some very innovative solutions in the bush at the moment. There are a number of bush bus type operations serving the west and south-west of Alice Springs. The Commonwealth has recently funded a trial in the Katherine region that we are all watching closely in the hope that that is going to be a good, innovative and useful transport solution.

It should be noted that the commercial viability of any of these services without some form of government subsidy or support, whether it is land or aviation based, needs to be further considered. I think there was some discussion with the local government association about funding a government subsidy of our urban bus services—and we can talk a little more about that in the future—but, generally speaking, urban bus services take through the fare box no more than 20 per cent of revenues. So in terms of the public good most of these things are subsidised at least 80 per cent and sometimes higher through government subsidy. I think we have to be realistic about what expectations we have in the bush for these commercial operators to be able to make a viable business. It is quite an issue.

The Commonwealth government, as has been noted before, contributes substantially to the provision of road infrastructure in the Northern Territory. There were some figures quoted for the Tiger Brennan Drive exercise in the local government—I think a figure of about \$100 million was mentioned. That is a substantial federal investment in joining two of our satellite cities together. I can add a green note there: cycle paths have been included in that planning. So that is the regional picture, to the extent that I can sketch one fairly quickly.

In terms of our urban delivery, the centres of Darwin and Alice Springs have existing, government contracted, regular bus services and school bus services, so the government provides those. We also provide school bus services in Katherine, Jabiru, Nhulunbuy, Batchelor, Alyangula and Ti Tree. Our spend each year is about \$15 million or \$16 million on public bus services in Darwin and Alice Springs, and about another \$16 million on school and special needs services throughout the Northern Territory. Our service delivery model in Darwin is predicated on a government contract. There are two major providers: one is Darwin Bus Service, which is a government business division or GBD, and the other is a major private sector company, which is Buslink. We spend a lot of effort in improving, or trying to get improvements in, that urban delivery. I think it is fair to say that in the last couple of years there has been a revamped government investment in public bus services. In particular, there is an investment of \$3.2 million or thereabouts in services that will commence in January or July next year to substantially improve the Darwin service. So there is a lot of activity in that spot, and others here can give more detail.

Early in 2009, the government introduced free travel on the public bus network for seniors, pensioners, carers, and school children on school bus services. So that was a substantial announcement in terms of getting the payments down for people and getting people onto the services. Recently, too, there have been a number of service announcements in relation to new suburbs and areas, and we will be introducing a new, much upgraded, schedule from the middle of next year.

In terms of those broader regional issues and the needs of Indigenous people, we are also looking at better aligning our services in Alice Springs with town camps and getting children to school, and we are in close conversation and planning with other agencies on that. I would mention that there are special services, like Centre Bush Bus that have been operating from Alice Springs, and we can provide more detail on those. Centre Bush Bus is a pretty good success story. It has been going for about 11 years. It travels in the Alice Springs region to Tennant Creek, Docker River, Yulara, Yuendumu, Kintore, Amata and into the Pitjantjatjara Lands in South Australia. The government has provided a subsidy of \$700,000 or thereabouts recently to get a second weekly bus service happening there. So that operation is really about helping people

on communities to get into town, to get to their hospital appointments and to undertake their community business in town. I mentioned the Katherine trial, and that, as you know, is being funded by the federal government.

I should mention aviation before closing. A number of private aviation companies provide regular commercial passenger transport and charter services between Northern Territory centres. These services are vital for transporting people and essential goods to communities.

The viability of these services is continually being challenged by a number of issues including economic sustainability, ageing existing light aircraft and, as I think was mentioned by our local government colleagues, some of the CASA regulations. We would acknowledge that it is important to have a regulated sky for safety reasons, but there is no doubt that that is an impost. The Northern Territory government does not currently subsidise regular air services, but we do encourage communities to access the Remote Air Services Subsidy Scheme which was mentioned earlier. We maintain 72 regional airports. That was part of the local government discussion too with major communities and there is a big program of progressively upgrading those airports. The Commonwealth government's emergency response has provided additional funding in that area as well.

In summary, the Northern Territory faces some extreme and complex challenges in seeking to provide sustainable public transport services in an urban setting but also, we would like to emphasise, in its regional and remote areas. Again I would state that the importance of public transport to society, environment and disadvantaged groups cannot be underestimated. In terms of equity and social policy progress in the Northern Territory, the transport link is an extremely important one

CHAIR—The 10-year transport strategy, why now and not five years ago or 10 years ago or five years down the track?

Ms Morrissey—I would not wish to create the impression that there has been no transport planning in the Northern Territory to date. I think there are probably a range of circumstances to do with the fact that there has not been a recent strategy but I can assure people that there has been a massive amount of planning in that time. Why now? I think it is a particular set of circumstances with urban growth, with our needs in the bush being highlighted more and more and with the substantial population growth occurring in the Northern Territory. I think it is fair to say that, nationally, transport has been a bit of a poor relation in terms of public policy in recent years but we are seeing the focus that is happening in the Territory now mirrored elsewhere in Australia.

CHAIR—So it is those sets of circumstances coming together at a point in time?

Ms Morrissey—At a point in time, yes.

Mr Morris—If I might add, on 20 May this year the government announced the Working Future policy. This is the government's vision for remote area servicing. It is a six-part strategy, one plank of which is remote transport. What has happened is that there has been considerable thinking about how our remote service delivery will operate. You have heard about territory growth towns and the importance of the hub and service model is an absolutely critical element

of that. One of the planks of that strategy is the remote transport strategy. It links in with the fact that we have had a substantial announcement on our policy for remote service delivery within the last couple of months.

CHAIR—Thank you. I am very happy for you to take this on notice. The local government association mentioned earlier that they had put in a submission some years ago to one of the transport planning reviews. Would you mind coming back to the committee on what that actually was and what the outcomes of that review were?

Ms Morrissey—I think it was a plan to inform a plan, at the risk of sounding like the total bureaucrat. It was before my time. The work that has been carried on and that planning over time will obviously inform this one as well, but I can provide more information on that.

CHAIR—That would be fine. I did not expect you to have that with you.

Ms Morrissey—I suppose the other area that I would like to cover off on local government comments is that there was some suggestion our road corridors have not been protected or claimed for our future transport growth. I think we have some very farsighted public servants, some of whom are in the room now, who 20 years ago absolutely secured those corridors for future transport needs, certainly in the Darwin region.

Senator STERLE—One can only wish you the best in trying to solve the regional public transport situation. I am very well aware of the distances that we are talking about in your fine Territory. Here in the city you have told us there are two bus companies and one is government owned.

Ms Morrissey—For the urban contract. That is the principal model.

Senator STERLE—And they go as far as Palmerston and around the coast?

Ms Morrissey—And beyond.

Mr Shearer—The bus services will run out as far as Howard Springs, Coolalinga and Noonamah, although they are relatively infrequent. Part of our expansion is to upgrade rural transport and include it into a more integrated model with people commuting into Darwin on a daily basis or shopping in Palmerston.

Senator STERLE—So regularity of service is an issue?

Mr Shearer—Yes, it is.

Senator STERLE—That is not unique to Darwin, we can tell you that. In terms of getting best value for the ratepayers in Darwin, how are those contracts negotiated?

Ms Morrissey—That is a good question. We are to commence some new contracts from next year. In terms of normal contract negotiation, it is working out as a government and a government agency how to provide the best possible outcome for the end user.

Senator STERLE—The Territory government obviously puts out the routes for tender every so many years; is that how it is done?

Ms Morrissey—To date it has been fairly short-term contract renewal. The government has a government service provider, which is an important part of this delivery mechanism. Over time there have been a number of private sector providers, but currently there is one other major private sector provider, and that is very much about the market forces of bus companies.

Senator STERLE—Do they tender against each other's routes or does company A have this area and company B have the other area?

Ms Morrissey—We operate a hybrid model of service delivery in the Northern Territory currently. That means that the government bus service and the private contractor work together to provide an integrated service for the whole region. Over time that has developed as the most efficient model. It is a shared service delivery model.

Mr Shearer—Perhaps it is easier to put it this way. A Darwin bus, which is the government business division, might be running a seven o'clock service to Casuarina and Buslink might be running the 7.15 service to Casuarina. They vary through the day in running shared services. They operate with the one livery. For all practical purposes, other than the driver's shirt, you would not be able to tell the buses apart, so the public see it as a holistic service. There have been a number of reasons why that has come about. Only recently, as part of the contract preparation that you just asked Marj about, we looked at models for the best value for money. We are currently suggesting internally that what we have got has out of evolution worked out to be very good in relation to the actual cost we are paying, the profitability of the two companies and the services we are getting from them in the way they reduce what we call dead kilometres—that is, where a bus runs with no passengers. We think we have a pretty good service up here at the moment for the money that is being spent on it.

Senator STERLE—So the government owns all the government company buses. Does Buslink own their own buses?

Mr Shearer—Yes, they do. Their company policy is to purchase only new buses, and they have quite a young fleet. The fleet across Darwin by Australian standards is quite young and it is 100 per cent disability discrimination act compliant.

Senator STERLE—Good. It would not be easy for another bus company to come in and tender on these routes as well unless there was a very lengthy contract because you have to talk about depots, drivers, buses and all sorts of stuff. I am trying to work out how to make sure that the taxpayers are getting the best value for their buck, for want of a better phrase.

Ms Morrissey—I think it is fair to say that we are at a fairly delicate point in a tendering process at the moment. I do not wish to go into too much detail on that.

Senator STERLE—That is fair enough. If you had said that at the start, I would have left you alone.

CHAIR—Was the government bus service running and then the private service came in on top of that? If it eventuated like that, what was it that the private company offered that the government could not do simply by expanding their existing service?

Ms Morrissey—A decision was made at the time, I think in the 1990s, that that was the model that the government of the day, which was a different government than today's government, made in terms of delivery of the services in the Darwin region. So those decisions were made at that time.

CHAIR—So nobody knows why it came about.

Ms Morrissey—I would think that in terms of the government of the day it was a question of policy and probably about allowing the private sector into the marketplace.

CHAIR—Okay. Having let it in and not knowing the actual reasons, you find, having inherited that system, that it works more efficiently than if you had just a single government structured entity?

Ms Morrissey—That is our current advice but, as I say, we are in a period when we are looking at all that at the moment. But certainly we consider that the hybrid model serves both the government well and the commuters of the Darwin region well.

Senator STERLE—How many buses are government owned?

Mr Shearer—We contract them to supply 26 on a daily basis. They actually have 31 in order to have spares and some spare capacity for us in the event we require them for special needs or other unscheduled services.

Senator STERLE—And the private owned company have how many?

Mr Shearer—The private owned company contractors on a daily basis to supply 21 buses for urban services. They operate 26 to allow for some spares and some fill-in if required. School buses are separate. In the Darwin region Buslink operate 67 buses for us on a daily basis but have a fleet of 80. They also have 11 special needs buses fitted out for wheelchairs and for children with disabilities but they operate nine on a daily basis so that there are two spares in the event of accident or breakdown.

Senator STERLE—What are the impediments—understand money is the main one, but what other impediments does the city of Darwin face in providing top-class public transport that is safe, sustainable, regular and having commuters wanting to start using public transport?

Ms Morrissey—I suppose we would argue for the size of the population it is many of those things that you describe. Certainly in terms of comparisons that we have made as part of our planning with similarly sized jurisdictions in Australia, the Darwin service is an extremely good one and we have had independent assessments made of that. It is hard to discuss your question without going to the money, because more investment in this area—

Senator STERLE—How would that money be better spent?

Ms Morrissey—One of your headings was around the regular services. We run models on our geography to provide what we consider to be the best possible services we can provide and what we would consider in terms of national and international comparisons to be very good services. So it is one of those ones where we would make those comparisons and as the government provider say that that is a pretty good service. I think if you are sitting out in some places on a Saturday or Sunday in Darwin and wanted to catch a bus then there would be some challenges in that. So we have got some challenges around planning for our vast geographical spread. If you were redesigning a city of Darwin, I do not think it would look the same shape.

Senator STERLE—There is an airport where buildings might be too close.

Ms Morrissey—There are some challenges right in the middle of it. We need an airport, so that is very important as well.

Senator STERLE—And Defence places.

Ms Morrissey—Yes. I think we face all the challenges that other jurisdictions do. You have made comments in terms of other jurisdictions getting people out of their cars is going to be an ongoing challenge as well.

Mr Shearer—To put some statistics out there, we are currently running about 578 services a day from point A to point B via various suburbs. With the government commitment for an additional \$3.2 million next year, we will be increasing that to about 740 services a day. We are looking to increase frequency right across Darwin as part of our platform. The key transport corridors here are from Darwin to Casuarina and back. Casuarina is the main shopping centre. Palmerston is the new growth centre. Effectively, we have a triangle. We are trying to increase the frequency as part of the plan on those triangle routes. On route 10 we are currently running basically 15-minute services all day. It is very well patronised. Route 4, which a scenic routes to Casuarina along the coastline, is full nearly all day. We have had to run our articulated buses on there virtually every service to keep up with the growing number of people who are actually catching buses.

This is partly attributable to the change in policy in January this year where there was free travel for seniors, carers travelling with seniors, people with certain Centrelink privileges and all students. We found quite a dramatic move in non-commuter travel—that is, social travel—during the day. Many of our routes have increased by 10 and 15 per cent, which are big numbers in public transport. We are moving a lot of people, I am not necessarily sure at this stage if we are moving more people out of their cars or if we are just moving the same people more often, because with it being free when you are a pensioner you do not have this restriction of money limitations. There is a feeling that they are moving around more often.

We would like to increase our patronage on commuter services, but the reality is that we cannot really have enough buses operating all day to justify the commuter travel. We are running 46 buses on a daily basis. It would be nice if we could have, say, 50 or 60 for that hour-and-a-half in the morning and hour-and-a-half in the afternoon, but that would make them completely unviable for the rest of the day. So we are trying to cater for as many commuters as we can through express services and direct services and then we are using our other services during the day for the more social transport.

Senator STERLE—When you talk about those extra services—120-odd or whatever the sum is—it is simplistic to think you can just whack more buses in. There is the price of the bus, you have to put a driver on it, you have to house it somewhere eventually and all sorts of other staff. That really brings into context this planning, doesn't it?

Mr Shearer—Yes.

Senator STERLE—Is the \$3 million extra that the government has committed for next year for road upgrades as well as extra buses?

Mr Shearer—No. The \$3.2 million committed for next year is simply to increase bus services. We currently have, and will have for the next four years, \$750,000 a year to build or upgrade existing bus stops and bus shelters to make them Disability Discrimination Act compliant. As a matter of recent record, in June and July this year we installed 15 new bus shelters that are fully compliant and we have upgraded another 10 bus stops. The program will continue for the next four years. Given the size of Darwin, that is a reasonable commitment. We will be upgrading something like 70 bus stops that do not have shelters so that by the end of this program they will have shelters and we will upgrade either existing shelters or middle-of-the-road bus stops so that they are Disability Discrimination Act compliant. We think that is pretty good funding for the size of the area that we are operating in.

Senator STERLE—That is a good initiative and the government should be congratulated. But how are you getting the extra 120 services? Are you putting a bus lane in so that the buses turn around quicker, or is that money going to go to extra buses?

Mr Shearer—The money is simply going to extra buses.

Ms Morrissey—Extra services.

Mr Shearer—My apologies. I meant extra services, not necessarily extra buses. If you travel around Darwin even in peak hour traffic you can actually achieve quite high average speeds. If you are travelling from Casuarina to Darwin in the morning—and I have done it on a number of occasions, while I do not live there—you can be in town averaging the speed limit the entire way until right to the edge of town. So the buses actually flow very well. There are some restrictions around Palmerston where traffic congests in the morning, but the Tiger Brennan Drive extension should resolve that. For the most part, we do not actually have any issues with buses being blocked in traffic. The buses flow very well.

Senator STERLE—What I am missing is: how are you squeezing in those extra services?

Ms Morrissey—Rescheduling, basically on the same roads. Our future transport planning does allow, with the corridors that we have, for bus lanes when it is deemed we are at the point where that would be the right way to go, considering the cost benefit.

Senator STERLE—Because those bus lanes are not there now.

Ms Morrissey—No. Ken, do you want to make any comment on that? Ken is one of our major transport planners.

Mr Grattan—There has been a bit of talk about bus lanes and where they fit in the context. The use of buses in the peak in Darwin is about 3.5 per cent of commuter use of public transport. If you move through Hobart, Adelaide, Brisbane and upwards through the system, Sydney is about 25 per cent or 30 per cent. By comparison, we are very close to Hobart even though we have half the population. There is a fairly high public transport usage on buses here even for a small population. If you look at the numbers, we are directly comparable to Christchurch and all the other similar sized cities in New Zealand,.

In terms of the uses Stuart alluded to, in the system that stands at the moment we do not have any delays to drive that issue. There are three things that drive public transport usage. One is congestion, one is parking fees and one is service delivery. Congestion is not an issue in Darwin. There are isolated intersections but they are to be dealt with by Tiger Brennan Drive, so congestion is not a driver. The travel time from Casuarina into the city, for example, in the peak time is 20 minutes and off peak it is 17 minutes—hardly a congestion issue. So that is not a driver. It costs \$3 a day to park in the city in Darwin, so parking fees are not a restriction on people using their cars. If you take those out of the equation you have service delivery. Marj has already talked about the options of improving service delivery to make people use buses. A series of things have been done over time—for example, putting bike cages at our interchanges and improving the interlinking of services. People do not like changing buses. Stuart has been looking at having through-run buses from areas. Rather than having to change buses you have a through-run service, so people get on a bus and stay on a bus. These are all issues of service delivery. That is going to attract people initially.

In terms of the road network, as it stands there is no immediate need for bus lanes or those sorts of things in the system. We foreshadow that in the next five to 10 years we may end up needing to deal with things like intersection jump lanes, where you give a bus a preference to bypass the intersection during delays. You may need to give some preferential entry to various elements, like buses coming out of their bus stops by signal control to give them a special exemption to the system. They are going to be the short-term issues.

Regarding the long-term issues, rapid transit is the future. We have the corridors protected; they have been protected for 30 years. The freeway runs along Tiger Brennan Drive. The rapid transit system busway or light rail—I believe in a busway; other people prefer light rail—uses the same corridor. It does not matter what it is, what form it takes; it is a rapid transit system. We have the corridors protected, but it is 15 to 20 years away. There is no justification in the short term for that. We have planning for the city around where we will develop that goes back to the seventies. We are lucky in Darwin. The land we are developing for the urban centres, Palmerston and the future Weddell, is Crown land. Therefore, the government has had the ability to manage the town centres and the road links upfront to protect the corridors for both road and public transport, and we have done that. The only issue is the timing—when to implement those various stages.

Senator STERLE—To come back to my original question, these extra 120 services are going to be delivered through better scheduling not through extra buses?

Ms Morrissey—Better scheduling may imply extra buses.

Mr Papandonakis—Up to five extra buses.

Senator STERLE—Okay.

Ms Morrissey—But those are conversations we need to have with others.

Senator STERLE—Yes. I will leave it at that. Thank you.

Senator O'BRIEN—I would like some further information on a couple of issues already mentioned. You mentioned the Centre Bush Bus system. I did not get a complete understanding of what you were talking about. You were talking about linking centres to the Alice on some semiregular basis. Can you give us more information, please.

Mr Shearer—The Centre Bush Bus is effectively a private operation run out of Alice Springs. They use a number of buses; a couple of them have been specially built: they have a four-wheel drive chassis and then a bus body is put on top of that, because of the types of roads they are operating over. The government, as Marj mentioned earlier, has provided them with a grant of about \$700,000 in the past financial year and will probably do the same again, although I cannot guarantee that. We have got some timetables; they have just arrived.

Ms Morrissey—We can table these.

Mr Shearer—The service itself tends to focus on transporting Indigenous people to home country or bringing them into regional centres. Much of the transport is to bring them in for health reasons, to visit Centrelink or whatever else. The services are regular but would be described as infrequent, but if you look the passenger numbers they are carrying it probably cannot be any more. They might do a run 200 or 300 kilometres out to the west, stopping at Hermannsburg and a few other communities, but for the last 100 kilometres they might have two people on board.

The methodology for payment is that the Indigenous people have Centrelink accounts and they are billed through Centrelink so they do not necessarily have to pay on the day. So if they do not have money on the day that is not a problem to the bush bus people because as soon as the Centrelink payment comes then it will be drawn down. So not actually having cash available is not a restriction on the use of the bush bus, which is pretty good.

As Marj mentioned earlier, there is a lot of interest in how this operates in and around the Northern Territory, probably from Far North Queensland and also in northern Western Australia, because we all share the same issues. We have low populations and long distances, and saying to somebody, 'Would you like to operate a bus service on a commercial basis?' would be asking them to go broke. So a government subsidy, at whatever level of government we are talking about, is going to be an ongoing requirement if we are to provide those people with at least the bare minimum in transport for health and to deal with government agencies, not to mention shopping and the visiting of relatives. Within the Indigenous community, attending ceremonies is a very important thing and this is helping them to go to those formal functions.

Senator O'BRIEN—How are fares structured?

Mr Shearer—They are structured by the company. I am not sure what their methodology was, but it is effectively: the longer you go, the higher it is. But they are not unreasonable by any bus service standards.

Senator O'BRIEN—Can you give us examples?

Mr Shearer—Sorry, not off the top of my head. Marj?

Ms Morrissey—We can.

Senator O'BRIEN—You have got some documents and stuff—

Ms Morrissey—We can find that out and we can provide that.

Senator O'BRIEN—On notice?

Ms Morrissey—I should add that light freight services are also provided as part of the mix, and the operators have recently provided us with information that the amount of freight carried has risen with the introduction of that second service, with the main items carried being fresh fruit and vegetables for stores; medical supplies and pathology; vehicle parts; and art supplies. So, in the six months to 1 April 2009, 2,467 freight items were carried on the service.

Senator O'BRIEN—In the region covered by that service, there are other needs, and one that I am aware of is the sporting needs of those communities—the fact that Northern Territory AFL requires the teams from the communities to play in Alice Springs, and to get there they need transport. Do you have any information on how they provide that? Is it in any way subsidised by government or is it their responsibility?

Mr Shearer—You are right; AFL, and to some extent Rugby, is a passion amongst Indigenous communities. There is also a large amount of pride in the players that play both at a local level and at a national level, with the new team, the Territory Thunder. However, for people to come from the communities, it involves booking something like a minibus, as you heard before, or booking local charter services. We do not at this stage fund that in any way, shape or form. Having got them into town, though, both in Darwin and Alice Springs, for the AFL or Rugby games we put on special-event free buses to move people around, and they are widely used by all the communities. But we get a very high increase in the number of Indigenous people coming into town because they love the all-star games. Coincidentally, for the last three of four years, those games have been played at roughly the same time that the NTFL finals have been played, so we will get an increase in town of 3,000 to 5,000 just from Indigenous people coming in to watch their own players play a high-level sport.

Ms Morrissey—I would be happy to check out whether there are any other subsidies through other agencies in relation to those sporting trips, and we can take that on notice. As well, we can table those Centre Bush Bus fares. We can provide them to you.

Senator O'BRIEN—We would appreciate whatever you can supply to further elaborate on that particular service. Could you elaborate on the reference by Mr Morris to the remote transport strategy being part of another strategy. Is that documented?

Mr Morris—Yes. I can provide you with a Working Future package. I can table that. Would it help if I provided each member with a copy?

Senator O'BRIEN—It would, ultimately, but do not worry if you do not have it now.

Mr Morris—I have it here. As explained before, the Working Future package is the Territory's vision for remote area service delivery. There are six planks to it, of which remote transport is an integral part.

Senator O'BRIEN—Does this document which we have just received detail the remote transport strategy aspect of the whole strategy?

Mr Morris—The details of the remote transport strategy have already been referred to by Marj in that we are developing a regional integrated transport strategy. This strategy document points to the requirement for that transport strategy and its need within the framework of the Working Future document.

Senator O'BRIEN—This is the beginning of that work?

Mr Morris—Correct.

Ms Morrissey—We have recently appointed that consultancy. It went to GHD. They are currently working with us and particularly over the next couple of months there will be substantial consultation with communities about that strategy.

Mr Morris—If I could summarise the vision very quickly. It is about growing 20 Territory growth towns to become major service centres for outlying communities, outstations and homelands. Integral to that is transport, both in and out of that service centre. The vision as it is expressed is that for very remote homelands most of the service delivery is likely to be some form of access to the local centre, although we do have service delivery moving out from service centres. The intention is that all existing services will be maintained and there will be improvements through improved service delivery in the hub centre and the ability for people to access that hub centre, and have transport facilities back to their homes. That is a summary vision of where it is going. We are in a very intensive process of putting the flesh on the bones of that vision and working very closely with the Commonwealth government in relation to the National Partnership Agreement on Remote Service Delivery, which targets 15 of the Territory growth towns.

Ms Morrissey—We can table the terms of reference for that integrated regional transport strategy as well.

CHAIR—That would be useful.

Ms Morrissey—It is a public document. It provides more detail of what we are hoping to achieve.

Senator O'BRIEN—The other question which hovers around these issues for aggregations of communities that rely heavily on traditional transport forms is the potential for a rise in the cost

of fuels and the impact on costs of strategies. What consideration has been given to that issue within the government for 10, 15 and 30 years into the future?

Ms Morrissey—In terms of transport economics in recent years, we have seen very high fuel prices. It is a component of our transport planning and we measure it and weigh it along with other needs. Our bus network and fuel subsidies, can be outlined for you.

Mr Shearer—In relation to fuel subsidies, the federal government currently subsidises most businesses that run on diesel motors, in general terms. I think that is 16½c or 17c at the moment per litre. Having said that, we then subsidise all our contractors. Prices were put in place a number of years ago that it was agreed were reasonable prices on which to base their business model. So we have a fuel subsidy. It is a convoluted formula, but effectively we subsidise them back to the level agreed in around 2004-2005 so that their ongoing profitability is assured, no matter what the fluctuations of petrol are. In the world of public transport, you do not want one of your contractors to go broke, as happened in Victoria when national handed the keys back to the trains. You want to make sure that they are profitable and that they can buy new fleet and maintain their existing fleet. To be penny-pinching, for want of a better term, actually causes the service to be degraded, as you commented earlier, Senator. We have been looking after them on that to the tune of, in the last financial year, \$1.1 million in fuel levy.

Senator O'BRIEN—Thanks for that. If there is any more that you want to add we would appreciate it.

Mr Shearer—No, I think that probably covers it.

Senator O'BRIEN—The only issue is that subsidy, if the price of fuel rises, either has to be borne by the contractor or by the government.

Mr Shearer—The government will have to continue that. We are hoping that, under the negotiations for the new contract, that may change, because it is one of the things that fluctuate for us. In government it is hard to argue for a budget that may go up or down depending on fuel prices; we are sensitive to that. But I think our contractors value the fact that we do this, because this does not happen in every jurisdiction.

Senator LUDLAM—I have one question which goes to the Northern Territory government submission to Infrastructure Australia. What you could tell us about the priorities there and what was funded in the end?

Ms Morrissey—Loosely speaking, the priorities were our bush roads, but I might ask Ken Grattan to provide a little bit more detail on that.

Mr Grattan—To get a feel of the Territory network, only 24 per cent of the Territory network, which is currently about 36,000 kilometres, is sealed. So the balance of the network, 76 per cent, is unsealed, of which 30-odd per cent are only unformed, flat bladed tracks, so it is a very low-standard network, basically unsealed, which means in the wet season in the Top End you do not travel on the roads—it is as simple as that. In terms of the Infrastructure Australia submission, what we focused on was regional roads in the system—in other words, arterial roads. We said we should be getting those up to sealed standard. Central Arnhem Road, which

goes through Arnhem Land to Nhulunbuy is unsealed for two-thirds of its length, and that is one of the roads we targeted. That bill is \$1.7 billion, just to get the arterial roads to a sealed standard. What we then looked at were the secondary roads to the major Indigenous communities out there. There is another \$640 million to seal those roads. Even to seal just the high-level roads in the system was \$2.3 billion. At this stage, that was not supported under the Infrastructure Australia first cut. I am not too sure where the second tranche will go in terms of that consideration, but there was no support in that.

In terms of Commonwealth funding outside Infrastructure Australia, there is a current program for which \$52 million has been committed over four years. That is a shared-funded project with the NT of \$83 million. It targets some of those roads for initial works. That was announced last budget. So there is money coming through but it is a very small bucket, as you can see, compared to the gap that has been identified—

Ms Morrissey—I should clarify, too, that we are just talking about the roads component of that Infrastructure Australia submission. There were broader submissions related to Northern Territory.

Senator LUDLAM—I was just wondering whether there was a public transport component to your submission.

Ms Morrissey—Not specifically. It was more, I suppose, infrastructure.

Senator LUDLAM—Other states and territories did have a public transport component. Was there a reason—if you could just step us through the thinking—why that was not included in the Territory's submission?

Ms Morrissey—As with all jurisdictions, we had to prioritise what was considered the most important, from memory, in the guidelines for submission about the terms of reference. We decided to place our emphasis on the road network and other infrastructure, including the port of Darwin.

Senator LUDLAM—I will leave it, there, Chair.

CHAIR—Thanks, Senator Ludlam. I have one final question. How do you measure consumer dissatisfaction and satisfaction with the public transport services that you provide?

Ms Morrissey—We have an excellent public transport feedback system. We have cards in buses and on counters. People avail themselves of the system. We get back to people. We have tight turnaround times and we are able to be reasonably responsive where we are able to find a quick solution. As with all feedback processes, we are not able to fulfil some of the requests that we get, but many we are.

Mr Shearer—In the last 12 months we have received approximately 520 different items of feedback. At least one-third of those were positive. They were mainly from interstate tourists who wrote to us to tell us that they love our service. Then we have our locals, who probably think differently. But, on balance, for the number of passengers we carry, we think it is pretty good.

CHAIR—Thank you very much to the officers of the departments for being here with us today.

[11.11 am]

WALKER, Mr William Wallace, Principal, FAQ Consulting

CHAIR—I now welcome Mr Wal Walker of FAQ Consulting. You have lodged submission No. 145. Do you wish to make any alterations or amendments to your submission?

Mr Walker—I will make one alteration to the submission. In the submission I said that there was electrification to Goulburn, but it appears that I was wrong there and electrification only goes as far as Campbelltown. This was where I was talking about an electric train service in Canberra.

CHAIR—Thank you. Would you like to make an opening statement before we move to questions?

Mr Walker—Yes, I would. I have given out some brochures on the things that I am going to say, and I will lead straight off onto the things that they cover. There are three or four things that I want to bring out to you. One is the problem that oil is running out, and I know that you have already been told this. I attended a Senate committee hearing back in 1979 for which I produced a book, amongst other things. I appeared with a group. We had run a conference called Energy Options. I am saying the same things today as I was saying 30 years ago, but why I am more interested in saying them now is because they are more urgent. They have been made more complex by the carbon emission problem, which was not considered 30 years ago. The other thing is that the urgency is much greater now. Those are the changes. At the risk of being boring, I am going to be saying again what we were saying then. I will not read the whole thing to you. I will just pull out a few things, if I may. Is that all right?

CHAIR—That is fine, Mr Walker. What we might do—because we have got the written submission and the statement, which is excellent—is ask you to perhaps take a couple of minutes to highlight a couple of key things. I am sure the questioning itself will then come to the things that you would like to highlight anyway. So just speak for a couple of minutes and then we can move to questions.

Mr Walker—Back in the 1960s I worked for a considerable time, maybe eight years, in the oil industry. I wrote my thesis on the oil industry when I did my degree, and I have followed it ever since, and I have been the laughing stock of everybody for promoting disaster and all the rest of it. But the thing that people have not understood is the prediction made by Hubbert in 1956. When he made it he was made a sort of an outlaw in the industry, too; he was an outcast. I have put that on page three. You can see that production goes up very quickly. Petroleum is a finite resource. In 1956 Hubbert drew a graph of peak oil based on a statistical bell curve as a production possibility curve, which illustrated the rapid rate of exploration and exploitation and the rapid depletion of oil. By way of explanation, this graph was not Hubbert's original graph. This is a revised one that I have just uplifted out of the Wikipedia, so that is my source. Hubbert's principles are universally accepted. This is what we have to understand. I have superimposed the demand curve, written in ink over the top, to show that once the demand

passes this peak point there is a big gap between the potential to supply oil to fill the demand. We are now nearly at that point.

Where we are now, we do not really know, and we probably will not know until four or five years after. In other words, we have to get cracking on the project. Australia has lacked any incentive to do anything. We have fallen behind everybody in the world, particularly Europe. America was slow because initially Bush would not sign up, and Mr Howard would not sign up to these carbon emission protocols. We have now adopted the Kyoto one. I should not blame anybody; it is just what has happened, so we have got further and further behind. The Americans got further behind too because, during Reagan's time as President, the move into the solar industry just collapsed completely. They withdrew all the funding—it all went into the space race and all the rest of it—and all these people who worked at the leading edge lost their jobs. They all had to go to work for the labs, into mining and into nuclear things. Anyhow, they are now all back there again and things have moved terrifically fast forward, especially in Europe and now in California.

When you look at the second diagram with the world production, you can see that it has flattened off. I do make a comment about that because, when you look at the two graphs, it can be clearly seen that at the peak point there is no possibility that the demand will be satisfied. At that point, those willing to pay the most will get oil and those who cannot miss out. What price will we have to pay? What we do know is that each and every oil price spike causes recession. This peak point is imminent and, according to some economists, may have already occurred in 2007-08. That is the flat area there that you see. But that might not be true. This has been masked now by the subprime mortgage crisis, which in turn has caused the contraction in demand for oil; it has fallen back. So this flattening out might be due to the falling back as a consequence of the financial mortgage crisis.

In 2009, when oil prices went to \$140 a barrel, demand had clearly been greater than the supply. It was not just solely due to OPEC, rogue traders or hedge funds. That comes from reports. The market knows who is buying and selling. Gradually the information will tell you which one. Now they are saying that it appears not to be the case. We need to make rapid transition from our dependence on oil and the best route is the renewable electricity option. Gas will play an enormous role in the transition from oil to electricity, but its ever increasing price as a substitute for oil, together with ever increasing carbon emission restrictions, will mean it would be a short-run substitute. Having said that, how are we going to do it? Electricity will replace oil. Car companies are underway making hybrid, plug-in electric and battery cars. The new plug-in electric cars are clean, but they too need to be supplied with clean electricity. Where will this clean electricity come from?

CHAIR—Mr Walker, I will stop you there for the moment. We have that information. My colleagues are very keen to ask you some questions. We will go to the questions and then we can go back to some more statements at the end if we have some time available.

Senator O'BRIEN—We have had significant evidence on this subject in this inquiry and in previous inquiries. I am not familiar with the inquiry that you were talking about in 1979. I have not gone back into the records and have not been around for that long in the Senate—that is for sure—but I have been around that long in other capacities. Essentially what you are saying is that, if we cut to the chase, we have been using one of the most efficient portable energy sources,

with oil and its derivatives. That is running out and we need to replace it. The only feasible alternative at present is electricity, which is not as portable but may be the only feasible solution in the short to medium term. Am I understanding you correctly so far?

Mr Walker—Exactly right.

Senator O'BRIEN—What we have at the moment is a slow but, I suppose, getting-more-urgent reaction to the inevitable, as you put it, by the motor vehicle producers in producing cars that will operate in this new environment. We have government policy settings which are encouraging our domestic manufacturing capacity to become more attuned to the inevitable. There seems to be, whether you agree with the pace or not, a move in the direction that you are suggesting. There are also private companies that are talking about setting up refuelling stations for the new electric vehicle fleet in their infancy at present. What more do we need to do at the moment?

Mr Walker—This is a good question. Where will clean electricity come from? The electricity will need to come from solar or be wind generated as we will be obliged to phase out carbon and coal/gas/oil fired power stations. Nuclear reactors have not been considered by me because of their long construction, commissioning and expense. They are not needed. We can achieve a better and quicker outcome using renewables such as wind, photovoltaics and concentrated solar power, CSP—or, as it is known, solar thermal. If you turn the page you will see what they are doing in Europe. On 13 July, Munich Re and several European companies underwrote DESERTEC for €400 billion to build a network of concentrated solar power plants through North Africa to supply 15 per cent of Europe's total electricity demand through high voltage, direct current, HVDC, submarine power cables from North Africa to Europe.

The scale of this, and their confidence, must be a challenge to the rest of the world. You can see that they are spending real money. They are going to spend billions more euros on linking all the wind farms from the Baltic right through to Greenland into this high voltage direct current grid. When they bring those together, 30 per cent of Europe's electricity demand will be met by renewable electricity.

We could establish a supergrid to provide clean electricity to fuel transport. A similar small scheme of HVDC linked concentrated solar power plants would be suitable for our desert areas. The reason for HVDC linkage is that it creates a supergrid where electricity can be moved over long distances with energy loss minimised to three per cent per 1,000 kilometres. The rationale for CSP is that big quantities of dispatchable electricity are produced. And the power is produced at the time that it is most needed—that is, during daylight hours.

Senator O'BRIEN—I see in your submission that you talk about using sunlight on the east coast and the west coast and transferring it across. There is already a high voltage direct current cable between Tasmania and Victoria, known as Basslink, which is used to transfer energy both ways. Tasmania has a renewable energy main generation source which is mostly hydro, but there is an increasing amount of wind power being built into the system to allow the efficiency of hydro and wind together to work well for that state, subject to appropriate rainfall. But getting back to transport, your hypothesis is based upon the requirement to phase out coal generated power, which might otherwise fuel those recharging stations.

Mr Walker—That is exactly right. We are going to have an enormous increase in demand for electricity. There are three basic CSP systems used—the tower, the trough and the dish, an example of which is the Stirling engine. I have mentioned these because all of them have application to Australia. The tower system can provide good storage for heat for prolonging electricity production. The trough system can be used to hybridise existing power stations. In other words, it can make a transition from coal to solar by just heating the steam by solar power and driving the existing power generation stations. And I mentioned the Stirling engine because they use no water at all for cooling. So you can put them in the desert or anywhere. The reason you would put them in the desert is that they will have access to sunlight. They will not be affected much by cloud cover. But you can put them anywhere.

Senator O'BRIEN—I understand where you are going to. But the question is: what particular recommendations are you asking this committee to make in relation to the steps government might best take? Clearly you are suggesting that we need to implement some sort of system to mitigate our carbon emissions.

Mr Walker—Carbon emissions become minor compared with the urgency of this peak oil crisis. At the G8 summit in June they agreed to aim for the two degree limit and one of the things that came out of this is that they are now looking at putting one of these high-voltage direct-current cables right around the whole world so everybody can link onto it. They are going to have everybody feeding into it with renewable energy. It is important, because the car is our principal means of transport, that electricity has to be solar generated. It is the only option that we can see. Can you see any way of going other than by using electricity for electric cars?

Senator O'BRIEN—I am not certain that there are not some other technologies that we may not have even thought of, but that is another question.

Senator LUDLAM—Can you tell us what you believe to be the state of readiness for the Territory or perhaps for Darwin in particular for the kind of oil shock that you are describing? How ready do you think we are?

Mr Walker—Looking at Europe, Europe looks like it is 30 per cent solar energy, or will be by 2030. But Australia is about two per cent ready. California aims to be 20 per cent ready by 2010. We are nowhere near ready. We are one of the countries that are in the worst position of all developed countries. We have made no plans and no provision. The thing is just lying in limbo and has been for a very long time.

Senator LUDLAM—You have been giving evidence on this subject since, I think you said, 1979. We also heard evidence from the Association for the Study of Peak Oil earlier in this inquiry. Why do you think Australia has been so slow to pick up the message?

Mr Walker—I think that, politically, nobody has been interested. Mr Howard was not interested and the former Minister for the Environment, Mr Malcolm Turnbull, did not believe it could be done. I think we just lacked the vision; we have been distracted by too many other things.

Senator LUDLAM—I have no other questions. Thank you for bringing some solutions to the table as well. It is greatly appreciated.

CHAIR—Senator O’Brien, do you have any other questions?

Senator O’Brien—No, I am content with the information I have and the material in the submission, unless Mr Walker wants to add anything that is not in his submission that he thinks might assist us.

Mr Walker—I will just say that for some of these heavier duty applications we can already move to gas for haulage and agriculture and public buses and replace diesel with gas. High-pressure direct injection LNG engines are available and these engines reduce greenhouse gas emissions by up to 20 to 25 per cent.

But one of the major issues I want to bring up here is land use, urban design and transport. We have dealt with the Northern Territory planning people. They have no idea that they are facing an imminent problem. One vital area of neglect since the oil crisis of the 70s has been the lack of focus on urban development. No-one wanted to think that we might one day face a situation without oil. All levels of government put their heads in the sand. Have we created millions of transport-disadvantaged people by spreading our cities endlessly through poor urban design? Have we created a big social problem? It is time for serious government intervention. The problem is twofold: urban sprawl and lack of transport infrastructure.

CHAIR—Thank you very much, Mr Walker.

Mr Walker—I have a few more points to make.

CHAIR—That is fine—we have another few minutes.

Mr Walker—There are two other issues. There are the economic issues. I will give you an example. For our rail we should consider electrification. In New South Wales attempts to get haulage operators to use electric locomotives on sections of the electrified lines failed. Partly the operators did not want to contribute to the overhead power supply installations and partly because they needed to change locomotives and drivers. These locomotives were abandoned. Thus, one attempt to reduce our dependency on imported oil failed and the balance of payments has suffered. Now in New South Wales no freight haulage is done using electrification whereas Queensland has electrified many of its freight lines.

The government has not given enough consideration to the extremely adverse impact of oil on our balance of payments. The problem is worsening. The production of Australian crude has fallen dramatically while our ever-growing dependence on the car based lifestyle has dramatically increased our need for imported fuel. Thirty per cent of our total import bill is for petroleum products. If we are unable to satisfy our demand from overseas, it will be necessary for the Rudd government to introduce rationing and controls on who uses our scant locally produced resources. So there is a recommendation. I have taken a graph from the peak oil people. It is expected that by 2015 the petroleum trade deficit could grow from \$12 billion in 2005 to \$40 billion. It makes better sense to invest \$40 billion annually in solar generation than in recurrent expenditure on imported crude oil. In other words, why pay an extra \$40 billion for importing oil? It makes more sense to be paying \$40 billion in infrastructure for our changeover. That is what I would say there.

The other thing that I would bring out is that some credit is due to the foresight of both state and federal governments for maintaining high levels of tax, excise and GST on crude oil and fuels for motor vehicles. This policy has given both the state and federal governments revenue streams so that they have funds for schools, hospitals and social services—as well as roads. They should not weaken their resolve. One can only feel that at least part of the problem in the US has been the inability to get the motorist to make a sufficient financial contribution. This has caused a great waste of a scarce resource. The rationale of continuing high tax and excise regimes and the implementation of greenhouse emission control legislation clearly must be to reduce the consumption of oil and to increase the price to the end consumer. These measures must clearly act as a disincentive.

I just want to make another comment that is pertinent. We are now putting in place carbon taxes. One element of carbon control legislation should be a provision for border adjustment. This would make an additional charge on imports from countries where those goods in the exporting countries have been excluded from a carbon tax. This would mean that goods are not landed in Australia with an unfair advantage over goods produced locally in Australia. This principle has been adopted in the US, even though they are avoiding calling it a tariff. It is recognising a different situation: the difference between those people who are being hit with a carbon tax and those who are avoiding it.

Many economists believe that globalisation is now going in reverse. This is because of the rising cost of oil driving up the cost of sea and air transport. This they see as removing low-wage advantage of Asian producers. This, together with border adjustment, will improve employment prospects in Australia. If we do not apply the border adjustment, we will lose all our manufacturing to the countries that do not have carbon taxes. Some Americans are now predicting a renewal of manufacturing in the rust belt of the USA. For Australian industry, it again opens the possibility for domestic production. It may provide a real financial opportunity to produce an all-Australian electric plug-in car.

It is estimated that the global electricity market will be forced to spend over \$10 trillion over the next three decades to expand supply capacity in a bid to meet demand. It would seem that this impending energy crisis should be given funding preference above the National Broadband Network and the enormous capital expenditures on Defence procurement. It is my humble belief that this is Australia's most pressing need. We are now in a historic period of scarcity of capital. The federal government should set aside low-interest funding for companies interested in making the large capital investments necessary to change Australia to a country that generates electricity from clean renewable sources. This would be a more effective way to get investment than a strategy of offering grant incentives. That came out of conference that I was at in America on concentrated solar power last month. They recommended this as a model for Australia.

Traditionally, transmission and distribution have been the more profitable part of the electricity industry—more profitable than the generation. For this reason, if governments want to ensure investment in new forms of electricity generation they need to guarantee a feed-in tariff for producers—this has been up before the Senate—which is sufficiently high to ensure satisfactory return on investment for the large-scale capital investments. They are getting poor returns. They are at the lower end of the income part of electricity generation. Distribution and transmission do better than producers. So you have to watch it very carefully. You have to make sure that they are going to make a profit on their investment so that they can pay their loans back

to the government. You have to guarantee a feed-in tariff so it will be attractive for these companies to come in and invest. We have companies in Australia who want to do it, such as Worley Parsons.

We have a lot of good technology here. There is good technology such as Lloyd graphite. It prolongs the storage. We talked about the storage and being able to send electricity across Australia. They are storing heat energy in 15-tonne graphite blocks. They hold the heat at 800 or 900 degrees. If you put your finger two inches from the slab of graphite, you feel nothing. But if you touched it you would lose your arm. It holds the heat. It can disperse it into steam, which can supply electricity for up to 24 hours after its generation—electricity on demand.

CHAIR—Very interesting. Mr Walker, I am going to have to stop you there. We are constrained by flight times, unfortunately. Thank you very much for appearing today, and thank you very much for the level of detail that you have provided us in your submissions. We appreciate it. That concludes today's hearing. Thank you to all witnesses who appeared.

Committee adjourned at 11.45 am