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## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
REFERENCES COMMITTEE

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

FRIDAY, 31 JULY 2009

CANBERRA

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## SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

### REFERENCES COMMITTEE

Friday, 31 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 Back, Ludlam, O'Brien and Nash

#### **Terms of reference for the inquiry:**

To inquire into and report on:

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

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

**WITNESSES**

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**Committee met at 9.02 am****LITMAN, Mr Todd, Executive Director, Victoria (Canada) Transport Policy Institute**

**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 and services. I welcome you all here today. This is a public hearing and a *Hansard* transcript of the proceedings is being made. Before the committee starts taking evidence, I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as 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 also to ensure that their mobile phones, if they have them nearby, are either turned off or switched to silent. Because we are conducting the hearing via teleconference, for the benefit of the *Hansard* and Broadcasting staff I would ask senators and witness to please identify themselves each time they speak. Obviously, this will be a bit of a recurrence, but it is the only way that *Hansard* can manage to identify everybody on the line. Finally, on behalf of the committee, I would like to thank all those who have made submissions and sent representatives today for their cooperation in the inquiry. I very much welcome Mr Todd Litman of the Victoria Transport Policy Institute in Canada. Do you have anything to add about the capacity in which you appear?

**Mr Litman**—I am appearing as an expert in public transportation policy, planning and financing.

**CHAIR**—We really appreciate you making time available for us today. I invite you to make an opening statement before we move to questions.

**Mr Litman**—It would be best to go to questions, because I only have a very general sense of the issues that you are concerned about. Maybe we can start with the questions, and maybe I will be inspired to make a concluding statement.

**Senator BACK**—I am from Western Australia and am probably 3,500 kilometres from Senator Nash. Which city or cities have you undertaken most of your work in? Can you give us some indication of what has been the policy in that particular area and what have been the outcomes? We have heard several glowing reports of cities like Vancouver in particular, which, to my understanding, took a decision many years ago to limit investment in private transport in favour of public transport. The outcomes seem to have been outstandingly successful. We are

very keen to learn what happened on the ground, what drove that and what the outcomes have been.

**Mr Litman**—Sure. I should warn you that my knowledge is a mile wide and not always very deep. Let me explain what I mean by that. Some of the research that I have has been statistical analysis of US cities. I compare the transportation system performance in major US cities. I have divided the cities that have very good, moderate and poor public transportation quality. A lot of the comments that I am going to make are based on the statistical analysis, not so much on case studies of specific cities.

**Senator BACK**—Thank you.

**Mr Litman**—That being said, I can say some things. You brought up Vancouver. A similar thing happened in Portland, Oregon, although the dynamics were quite different. In Canada, there is not the guaranteed highway funding that exists in the US. In Canada, there is not quite so much freeway building and particularly urban freeway building as there has been in the US cities. Part of what happened in Vancouver was that there was very limited funding and they had to make a decision whether or not to build some freeways that had been planned. Partly because of community activism and partly because of limited funding, they did not build a freeway through the downtown part of the city. In Portland, Oregon—which, you may have heard, is sort of the poster child of transportation policy shifting—they made a more conscious effort. As in most US cities, there are a couple of major highways that go right through the centre of the city. They had some additional freeways planned between downtown and some of the suburbs. They made a very conscious effort to transfer the funding from that highway to build rail transit. Both Portland, Oregon, and Vancouver invested in high quality public transit—rail transit. As a result, they have seen some reduction in per capita automobile travel and some improvement in their transportation system performance. For performance, the factors that I measure include per capita congestion delay, per capita traffic fatalities, per capita energy consumption and household transportation expenditures as a portion of total household budgets.

**Senator BACK**—Could you go back to that last one and explain it?

**Mr Litman**—It is the portion of your household budget devoted to transportation, including both your expenditures on automobiles and expenditures on public transportation services. One of the things that we found is that cities that are more automobile oriented and more sprawled require households to own more cars. There are more cars—more vehicles—per capita. As a result, those households tend to spend significantly larger portions of their household budget on transportation than otherwise similar households. Households of the same income level and with the same number of occupants are spending less if they live in a more transit oriented community.

**Senator BACK**—Okay. Can you return to some data in regard to Vancouver and Portland? Have in fact those trends been shown? Can you demonstrate that?

**Mr Litman**—Yes and no. The truth is that there are so many other confounding factors. In particular, some cities have much faster population growth rates than others. A city that is not growing very much is going to have less traffic congestion growth than a city that is growing a lot. Also, one factor that affects Portland in particular is the major highways that go through it



that carry very heavy through traffic. If your city is a dead end—there is not a lot of through traffic—then you do not have as much traffic and so therefore the congestion problems are not quite as bad. But in cities like Portland or Seattle, you have an awful lot of through traffic, so, regardless of what you do on a local basis, there is going to be a lot of traffic congestion on that major highway that goes through, which is carrying a lot of long distance travellers.

**Senator BACK**—Can you give us some indication of the sorts of communication that they city authorities have engaged in with their communities in terms of moving them towards these decisions? You obviously have weather and other effects in the locations that you have mentioned that would cause people to prefer private over public transport. Can you give us some indication of what the motivators have been for communities to agree that investment should be made in public rather in other forms of transport, particularly road construction et cetera?

**Mr Litman**—You can think of it as a cascade that starts at the top and runs downhill. One of the things that made a lot of difference in Vancouver was the fact that the Canadian federal government does not provide highway funding in the same way that occurs in the US. In the US it is based on match grants. In the US, it has been very attractive for cities to claim that they have a terrible traffic congestion problem that can only be alleviated by building highways, because then they got very generous—at times, as much as 90 per cent—matching funding. It was essentially free money. That occurred in the US. There was a reform of the federal policy in the late 1970s. It started off as being very particular to Portland. This allowed the city of Portland to shift its highway funds to public transportation—in particular, a high quality rail service.

**Senator BACK**—Right.

**Mr Litman**—That seems to have been key. If the federal government is dangling a whole lot of money in front of the noses of state, regional and local politicians, it makes a huge difference whether that money is available only for highway projects or is equally available for highway and public transportation. In the past it was primarily only available for highways. It made a huge difference when the federal policy was reformed and allowed what is called flex funding. Although some critics point out that the match grants for highways are still better than the match grants for public transportation and the cost-benefit analysis requirements are much stricter for public transportation projects. Even though we are seeing a major shift, it still is not an even playing field. The playing field is still tilted in favour of highway expenditures.

**Senator BACK**—Thank you very much.

**Senator O'BRIEN**—Thank you very much for your assistance on the North American experience. I am interested in the perspective you may be able to give us on three of the public transport options that have been put before us in various cities—heavy rail, light rail and the bus rapid transit system. I know there are examples of all of those in North America, in Canada and the United States. I wonder if you can give us a perspective on those modes of transport and any particular initiatives or issues that you think we should be aware of with regard to developments in those areas.

**Mr Litman**—That is a great question. When it comes to the great debate about bus versus rail I am an agnostic. I am very concerned about the quality of the service. I want somebody who is travelling by public transportation to have a very good experience. Think of it this way. The

major choice is between taking public transportation or taking private transportation—driving your car. For the last half century we have devoted a lot of resources to making driving convenient. We not only build roads but devote a huge amount of resources in providing parking at destinations, which actually turns out to be a major subsidy for driving.

Over the last 50 years the quality of the car has improved a lot. In the past, say, 30 years cars have hardly got any faster. When you spend a lot of money on a fancy car, say, \$50,000, it probably is not going to go any faster than a \$20,000 car, but it is giving you a lot more comfort features. It is giving you leather seats, air-conditioning, a nicer sound system, cup holders and things like that. We as sophisticated consumers are accustomed to expecting a high-quality service. When it comes to public transportation we have done a poor job of improving the quality of service to respond to an increasingly sophisticated consumer.

To put it differently: conventional public transportation is modelled on the economy class of air travel. It will get you there but it will not be a very pleasant experience in a lot of cases. I think we need to position public transportation on premium service air travel, so you feel like you are being treated with respect and pampered a little bit. I think that is the key to making public transportation attractive to people who are wealthy enough to own a car and are concerned about factors like comfort and convenience.

If you start off talking about quality of service then the specific mode that you choose essentially falls into place. You are not saying buses are better than trains; you are saying that in this particular situation buses provide a higher quality of service and in this situation trains will provide a higher quality of service.

I think that the stations and the waiting areas are equally as important as the vehicles. In fact, some of the research done on this was done in Australia. That research and other research suggests that if what you want to do is make your cities more accessible where people will rely less on driving and rely more on walking, bicycling and public transportation, then train service does seem to be better. The train does have more of a leverage effect on land use and creates transit orientated communities. Even high-quality bus rapid transit has much less of an effect.

If you have the explicit goal to encourage infill smart growth development then there are some advantages to rail transit that are often overlooked. Rail transit has a more long-term leverage effect, but that does not mean that the bus service has no place. I think there are a lot of situations where high-quality bus services are also important. I recommend we start thinking about things like arranging with fancy coffee shops, like Starbucks, to become the waiting areas. You would wait for your bus at a coffee shop and, especially for a commuter bus, walk onto the bus and be guaranteed a seat. There could be onboard Internet service and power bars so you can get some work done on your way to work. It would be a very pleasant experience. You could even have onboard espresso machines and cup holders on the bus for on the way to work and you could sell beer and wine to commuters on their difficult ride home. I am not sure that quite answers the question, but the key message I have is that the mode is less important than the quality of service.

**Senator O'BRIEN**—I was interested in another aspect which perhaps was more to do with economics, but I understand you are saying that usability is important from the consumers' point of view in changing the mode used from using the motor vehicle. I understand that.

**Mr Litman**—Right. As an aside I would say that for the last 30 or 40 years there has been a lot of pressure on public transportation agencies to minimise costs, so a lot of the performance indicators have been concerned with cost minimisation. That is particularly true here in North America. I do not think it is quite so strong in Australia. It is often referred to as a Thatcherism approach where you are just trying to make the service as cheap as possible.

My research suggests that there are very significant economic benefits to focus instead on service quality maximisation—not reducing the cost of the service but making the service more attractive—so you are attracting more people out of their cars. The economics really favour that. If we can get people to shift from driving to public transportation it will save on a lot of external costs. It reduces road traffic congestion, roadway costs, parking costs, accident costs and environmental impacts. The most cost-effective public transit service may be relatively expensive per kilometre or per route and may seem costly upfront but if it attracts more people out of their cars then from a system perspective it is more cost effective.

**Senator O'BRIEN**—In areas of very high density, of course, the use of the motor vehicle needs to be discouraged because there is not the space and because the cost of parking is extremely high. I am thinking of an experience I had in New York City and I would have to say that buses, trains and subway there are imperatives. I would not describe the quality as the sort you are talking about. Nevertheless, there is a massive commitment to it from the inhabitants of the city.

**Mr Litman**—Yes, that is absolutely correct. I think that there are lots of opportunities that we are not fully exploiting—for example, to have a really nice coach service that would drive into town from suburban villages or smaller towns that are scattered around a city. These do not need to be big coaches. In fact, there is a tremendous potential for van pool services, for relatively small vehicles. The beauty of a van pool is that it does not have a paid driver. One of the members of the van pool drives the vehicle and you have no empty backhaul, so it is very, very efficient and cost effective. But I think what we are failing to do is really think in terms of the quality of service so that a commuter who is travelling from a suburban village would say, 'You know, I actually look forward to my bus ride every morning because it is a chance to relax and get some work done on my computer.'

**Senator LUDLAM**—I have a couple of questions. I am wondering if you can sketch for us, if it is not outside your area of expertise, the funding models used in Canada and in the United States. You spoke briefly before about how it has been done in the United States. One of our terms of reference, and one of the things we have been looking at closely, is whether there should be a greater role for the federal government in funding public transport, because historically it has not had a major role. Can you tell us how that has been done in North America?

**Mr Litman**—The United States and Canada are opposites and extremes. The US has federal fuel taxes that are dedicated to transportation. Over the last half-century a rough rule of thumb has been that 20 per cent of the federal transportation dollars are devoted to public transportation and 80 per cent are devoted to roads. That has been fairly consistent for let us say the last 30 years or so, although there has been some variation from time to time. Those are dedicated primarily to capital projects. There is actually quite a debate as to whether those federal funds should be available also for operations but the key thing is that it did provide some reliable and

consistent funding and it also did some very nice things in terms of forcing transit agencies to standardise some of their practices because in order to receive the federal funding they have to comply with various federal practices. Some of them might be controversial like what kinds of union or labour contracts are allowed and things like that but some of them are just common sense: data reporting and standardising definitions of how you are measuring performance and things like that. I think that is very important.

I have no idea what is going on in Australia in terms of using federal funding as a lever to create standardisation but it can be very useful when you do that. It also tends to leverage state level funding. So if the federal government says, 'We have a certain amount of money that states can apply for as match grants,' it tends to stimulate the states into finding funding sources to achieve those matches. It is the same at the regional and even the local level. If you decide that you have a strategic interest in improving the public transit service, it does make a lot of sense for the federal government to have funds that are available as match grants and to specify exactly the kind of projects that you want.

Canada has taken a very different approach. The federal government has only funded public transportation on a special basis, on a project basis. So you do not have that reliability. I think it makes the whole system somewhat less efficient.

There is one thing that I think is very important. Federal and state governments traditionally have said that they are not going to fund local transportation; they will only fund inter-regional transportation. They will fund the highway between two cities but they will not fund the local transportation within the city. So unintentionally that favours highway building over public transportation because you can always claim that a highway, even if it is used largely by commuters, is an inter-regional project. So in the US the Interstate Highway System was originally intended to connect cities, not to provide commuting within the cities, but it has distorted local transportation by stimulating sprawl and automobile travel. My conclusion is that if state and federal governments are going to finance highways that are built in cities, in urban areas, then it is imperative that they also fund public transportation on a comparable basis. Does that make sense?

**Senator LUDLAM**—Yes. Thanks for that. Great. To change tack, if I may, I wonder what advice you have got. You said that you divided your statistical research into cities with high, moderate and low levels of public transport service. Can you give us any ideas or examples of a very low-density automobile dependent city that has made a major commitment to public transport? What steps would you take? Obviously Australian cities have largely followed the North American model of very auto dependent cities. Do you have any examples of cities that have changed tack and turned the corner?

**Mr Litman**—The most commonly cited example is actually Los Angeles, which used to be considered the archetype of the automobile dependent city but has actually grown to become fairly dense. The city has invested quite a bit in real transit. There are some structural problems that have prevented Los Angeles from achieving really high-quality service. In particular, the land use pattern is very sprawled. There is a lot of discouragement in Los Angeles from smart infill developments. You have relatively dense land use but you still have single-family bungalows. What we are not seeing is a lot of those being converted into, let us say, three- to six-storey apartments, which is a logical thing to do along a transit corridor.

One point that I emphasise is that there is no single way to change transportation systems. If you just invested in public transportation but you made no other changes, you could end up with a lot of driving and a very inefficient public transportation system. To achieve the full benefits of public transportation you need a number of additional transportation and land use policy reforms. The ideal is that you encourage people who do own a car—so you are encouraging middle-class people who own a car—to leave those cars at home and use public transportation once, twice or three times a week. That is the ideal. You might want to think about your own travel experience and ask yourself, ‘What would it take for me to make a habit of using public transportation a couple of times a week?’ I have identified a number of specific strategies. They range from things like converting automobile insurance to distance based insurance so you save money every time you reduce the number of miles you drive during a year to strategies like parking cash-out, so if your employer offers you a free parking space you can say, ‘No, I don’t want the parking space; I want the cash,’ so you are getting another financial reward for using public transportation.

Then it is very important that we create what you could call a transit village or transit oriented development so that, even if you live out in the suburbs, you might drive your car or bicycle to the transit station and hop on the bus. Then you know that where you work is very transit oriented, so you get off the bus or you get off the train and the area around the station is very attractive for walking. It is very convenient for you to walk to your job site. Then, when you are at work, when you have to run some errands—you are going to lunch with some friends or you are going to pick up some groceries at the store—it is very convenient for you to walk to the local areas. That is the traditional land use pattern that exists in older cities. Some of the newer cities have lost that, so I think it is very important to integrate transportation and land use to start working on providing more financial incentives to reward people who reduce their mileage and to improve the quality of public transportation. Does that answer your question?

**Senator LUDLAM**—Yes. That is a great answer. I might come back later if there is more time. Thank you very much for that.

**CHAIR**—Mr Litman, I have a question about the efficiency and effectiveness of public transport in your regional areas. Could you give us a bit of a sense of how that is travelling? Pardon the pun!

**Mr Litman**—Sure. Let me be very clear that I define efficiency somewhat differently from public transportation professionals. Public transportation professionals have been encouraged to measure efficiency as costs per vehicle kilometre, costs per passenger kilometre, subsidy per passenger kilometre or cost recovery—that is, the portion of the total system costs that is recovered by fares. So what we are thinking about is how to spend the least amount to achieve a certain level of transit service. I look at the transportation system. For example, my research in the United States indicates that people who live in a transit oriented community—one of the cities that has very high-quality public transit services—do have to spend an extra \$100 or even \$200 a year in subsidies to maintain that high-quality public transit service. As I recall, Sydney has an even higher per capita subsidy rate. It is somewhere around \$300 or \$400 a year. So if you just looked at public transportation you would say, ‘Those systems are costly. They require a lot of subsidy; therefore they are inefficient.’ But my research shows that the people who live in those communities, although they are spending, say, \$100 a year in additional subsidy, are saving

\$500 a year in avoided transportation costs. The households in the cities with high-quality public transportation are spending hundreds of dollars a year less on transportation in total.

From a system perspective, that gets us back to the point where the most cost-effective transportation system is the one where the average household only has to own one car rather than two cars, one for each adult. The average motorist is only driving 15,000 kilometres a year rather than 20,000 or 25,000 kilometres a year because they are living in a neighbourhood where their children can walk to school, so they do not have to chauffeur children to school and they can walk to local stores. When they do have to drive it is a relatively short distance and some of their commuting can be done by public transportation. Is that related to your question?

**CHAIR**—It is in a way. I guess I was more trying to get a sense of how it works in your less populated regional centres, the more agricultural regions, where I would assume you have smaller communities. How well does the public transport system there work? I am trying to get a bit of a comparison to Australia, where in a regional town of 13,000 people the public transport experience is not that great compared to bigger centres or the cities. So I am trying to get a sense of whether it is the same or whether you have different sorts of experiences over there.

**Mr Litman**—There is no question that the cost efficiency of public transportation increases with city density and size. There is a very good justification for providing basic public transit services even where it is not cost-effective and that is for equity objectives. Even if it is not very cost-effective, say in a semi-rural area, a farming community or something like that, you still might want to run public transportation services. There are new technologies that allow you to do things such as run a demand response service and use your mobile telephone to get better information about how many minutes it is going to be before the bus arrives and you can also do things like subcontract with taxi services and allow the taxi services to carry multiple rides. So there are a lot of creative and technical improvements that can be applied to increase the cost efficiency of service in low-density areas.

However, I would say that a town of 30,000 people can actually have a very efficient transportation system. Think about the way those kinds of towns were built 50 years ago or so. They were built to be very walkable and then when you did have to travel to the next town or the next city, say for a special medical appointment or something like that, there was good public transportation. The public transportation did not try and go everywhere. You would have to walk to the centre of town and there would be this nice bus station or train station and you would hop on the bus or train and that would take you to the big city. That kind of system actually makes a lot of sense.

So the key to making public transportation work efficiently in a suburban town or even a rural town is to make sure that the town itself is built as a walkable community. So walking and public transit are complementary and if we build our towns the way we used to so that children can walk to school and parents can easily walk to the central bus station then it can make sense. What we still lack is that incentive so that somebody who can afford a car would actually choose to do that rather than drive. The challenge that we face is that owning a car is very expensive, but driving it is relatively cheap. If we continue with the model that says every adult is going to own a car and we are going to try to make the cost of driving cheap, then there is very little reason for most people to use the public transportation even if it is available and of relatively good quality. Because we lack the incentives, the system is not very cost-effective.

**Senator BACK**—It is quite the opposite in fact. Having made the capital commitment to the vehicle, there is a very strong incentive to actually realise on that investment and use it, isn't there?

**Mr Litman**—Absolutely. There are some very simple things we can do to incrementally make it more normal so that, for example, a household goes from owning three cars to one car and it becomes normal for successful professionals to walk their children to school rather than drive them every day, to bicycle when they are running errands and to take public transportation for some of their trips. That is where, I think, we need a comprehensive multifaceted approach. If you simply spend money on improving public transit service without providing these other features, it is never going to be very cost-effective.

**CHAIR**—Yes, that makes a lot of sense.

**Senator BACK**—In our city of Perth we have invested heavily in recent times in extending a train service that is very high quality. Its user pattern exceeded I think the five- to eight-year prediction within the first weeks, let alone months. But a trend in recent times and very strongly publicised, only in the last few days as a matter of fact, has been almost an assault of vandalism, rock throwing at trains and buses. Of course, these matters are always well publicised. A lot of people watch this on television or hear about it on the radio talkback discussions and they listen to the drivers being interviewed and hear about the increased assaults on bus drivers and the increase in the trauma and distress to train drivers.

I do not think it is unique to Perth, but I wonder whether you have studied any strategies for these sorts of issues in the cities that have been the subject of your attention. Are they increasing? Are they having that impact? Is it more emotion than fact? A person from the public transport authority who appeared before our committee in Perth some months ago was being interviewed only yesterday on this issue and he acknowledged that it has the capacity to drive people or push people back into their motor cars more quickly than probably any other single factor. Could you make any comment on this? Have you observed it as an increasing trend and do you have any views on minimising it?

**Mr Litman**—A very interesting question. First of all, let me tell you that just 2½ months ago I visited your fine city, I really enjoyed my visit to Perth, and I rode on your train down to Fremantle and really enjoyed it. Let me also say that one of the most important things that a policy analyst like me needs to do is admit when I do not really know, when something is beyond my expertise. The security operations are not my expertise, so I admit that first of all. But let me make two points that I think may be useful to you.

One is that a few years ago, when there was a bombing on a public transportation system in Madrid, I did an analysis that pointed out that, even though public transportation systems do have their share of assaults and terrorist attacks, overall it is far safer to travel by public transportation than it is to drive. The worst thing that could happen in terms of public safety, in terms of overall per capita violent deaths, would be for people to abandon public transportation and shift to driving because they were afraid of being attacked by terrorists or criminals, because there is so much safety that results when people shift to public transportation. So there is an important message there: it is actually a good news story. When somebody gets attacked on a public transit system there is so much media coverage; on the other hand, when some teenage

boy crashes into a telephone pole, that kind of injury and death is so common that it gets very little publicity. So there is actually a bias just in terms of people's perceptions from the media coverage.

The other thing I would emphasise is that, although there are lots of ways to increase security and there are some new technologies like putting cameras on the vehicles, by far the most important safety strategy is simply to get normal, responsible citizens to use public transportation and to see themselves as having a personal investment in public transportation—and making use of them: using the fact that most of them have a mobile phone. In fact, I was a consultant to Cisco Systems, which is a technology company, and we were developing a navigation system so your mobile phone will help navigate you around a city, help navigate you around the public transit system and pay your fares. All this is standard technology.

I also said that the mobile phone should be a panic button. Your mobile phones can have a panic button; you would key in a certain sequence of buttons—basically, you would say 'help' to your mobile phone—and it would start broadcasting to local police that somebody is in trouble at this particular location. My guess is that if public transit agencies helped everybody get one of these mobile phones that has these navigation features and also the panic button features, and also figured out some way to make it very financially attractive to low-income people to get one of these mobile phones with these features, that everybody would win because you would have a larger pool of people that have a mobile phone they can use to immediately get police assistance.

**Senator BACK**—Yes.

**Mr Litman**—I suspect that it would be used very infrequently—you would get tiny, tiny usage. But having that mobile phone in people's pockets would give them so much increased confidence that you would see a measurable increase in public transit ridership.

A related thing is—and you probably are already doing this—there is a lot that you can do to give people the sense that the public transit system is part of their extended family, or their home. You do things like make sure that your drivers are friendly—maybe give out little gifts to people occasionally—you have a newsletter that you are communicating with your customers and you have rewards for customers that do special things. You make it so people feel that an offence against the public transit system is not just against the government: it is not a neutral body—they actually care about their drivers and their vehicles and their transit system.

**Senator BACK**—Thank you. I think there are some good comments.

**Senator LUDLAM**—When Senator O'Brien asked you about bus versus rail you mentioned that idea of leveraging the fixed infrastructure and how that can help. I think PB call it 'place making'. Are you able to talk about that a little bit more, and whether in North America public transit authorities or governments have used value capture of the increased land values around stations to help pay for systems—is that a common practice?

**Mr Litman**—These are the hot issues that public transit planners and economists are very interested in. Yes, there is now very good research showing that there is increase in value around the public transit stations. Again, it has got to be high quality: it has got to be a nice place with



frequent service and good walk-ability, and it should have features like reduced parking requirements for developers.

That increase in value is essentially a capitalised value of the transportation cost savings that I mentioned previously. If you were to live in a suburb you might have to spend, say, \$15,000 a year on transportation because you and your partner both need to own a car and you are driving 25,000 kilometres a year. But if you were to live in a transit-oriented community you are only spending, say, \$7,000 a year and you are saving \$8,000 a year on transportation so you can spend more money on rents or on mortgages. The reason that I mention that is it is not just an economic shift. It is not as if land values increase in one place but they decline elsewhere. This is a true economic saving to consumers and that is why this idea of transit-oriented development or place making is so important and valuable.

Yes, there are a number of places where people are using value capture in various ways. Sometimes the transit agency happens to own the land, or somehow controls the land, so they improve the public transit service and then they sell the land at its higher value. But in most cases they are applying a special tax of some sort, or what is called a 'local improvement district fee' of some sort. In a few cases they are actually selling or leasing air rights, so they allow somebody to build over the transit station. Or they build a public transit station and they know they need one level, so they are essentially offering free land to anybody that builds an office complex or housing above that transit station. Those are just examples of how it is possible to capture this value. And this is where it can be really fun. This is where it becomes art, not science. You want to have contests and you want to do everything you can to encourage people to make use of that valuable land.

I should mention, for example, that I was in Sydney on a trip I took a couple of months ago. I noticed that there is relatively little new development occurring at the transit stations, the rail stations, in the Sydney system. I think there is tremendous potential. Put it differently: if you are going to build new buildings—a new office or some new housing, especially if it is going to be affordable housing—the smart place to put it is really close to those transit stations, those rail stations. If the City of Sydney is going to grow its population or its employment, then make sure that as much as possible that new building floor area is located very close to those stations. What you might need to do is figure out some creative incentives so people who own the property near those stations, who might currently only have a one-storey bungalow, will see the incentive to sell that house or build onto that house so it becomes a three- or four-storey building.

**Senator LUDLAM**—By way of follow-up, could you point us to two or three pieces of your favourite research on that subject, on the value, capture and using that to pay part—

**Mr Litman**—It just so happens that on our website is the most comprehensive review of the subject that I know of, produced by a colleague of mine. If you would like, I could send you the link by email.

**Senator BACK**—We do have that, Mr Litman. Our secretariat has very kindly provided it. I have been looking at it and reading some of it whilst we have been listening to this discussion.

**Mr Litman**—That is the paper on value capture?

**Senator BACK**—Yes.

**Senator LUDLAM**—It is very much appreciated. Thank you again for your time.

**CHAIR**—Thank you, Senator Ludlam. Senator Back, do you have anything further?

**Senator BACK**—I do not, thank you, Chair. It has been most interesting.

**CHAIR**—It certainly has. Mr Litman, thank you very much again for making your time available. We have very much appreciated your being with us. You certainly give us an extraordinary amount of information that we can now consider. Thank you very much.

**Mr Litman**—My pleasure.

[9.58 am]

**KOLBE, Ms Karin, President, Trains on Our Tracks**

**CHAIR**—Welcome, Ms Kolbe. Would you like to make an opening statement before we move to questions?

**Ms Kolbe**—Yes, I have a few comments that I would like to make. First of all, we need to understand the geography and the history of this area. We are about 800 kilometres away from Sydney and about 150 kilometres from Brisbane. So when we are told to do things in our capital city, it is a bit of a quandary to us. Are we meant to travel 800 kilometres to Sydney or 150 kilometres to Brisbane? Obviously, from a local perspective, we go to Brisbane. But between us and Brisbane is a border—the New South Wales-Queensland border. Because of that border, many transport links stop there and have stopped there since they have all been built. Also, we have no one authority which really looks over that region as a whole. The federal government has responsibility over the area, but of course the seat boundaries are across that New South Wales-Queensland border. So our area is relatively underpopulated area compared to South-East Queensland, yet there is a major population stress coming to us from the north. But the New South Wales policymakers are 800 kilometres away from us. So that is the background as to where we are at.

We have the Pacific Highway running through us. Of course, that is something that many people have talked about, and many inches of columns have been written on it as a problem with freight and loss of life. But also, around here, it is interesting to note that there really is a bottleneck up near the Tweed, the Queensland-New South Wales border, because you have the ocean on one side and the mountains on the other side. So that really is becoming a bottleneck. Any of the forward reports looking at the future of the Brisbane-to-Sydney corridor really show that that is an absolute bottleneck happening there. That is just to set a little bit of perspective as to where we are.

Then let us look at who is here. This area is, of course, a tourist mecca. Millions of tourists come to this area on an annual basis—1.1 million tourists come to Byron Bay alone every year—and increasingly many of these are day trippers. So the roads all around this area are clogged by cars. At the same time, many people are saying we need to be spreading the tourism dollar around the area, but of course that is not always possible because people tend to stick to the roads and particularly the roads they know.

In terms of the local population, this is a low socioeconomic area—the seats of Page and Richmond typically end up in the bottom categories for all sorts of measures on health and disability—so of course being able to access transport is a very major problem. I know many people who say to me, ‘I’d love to come to some of your meetings, but I simply can’t afford to put petrol in the car.’ Those, of course, are the people who are driving. The area around the Tweed is the fastest growing population area in New South Wales, and it also has the fastest growing elderly population. It is where many, many retirees are coming and, of course, transport is again a problem for those sorts of people.

So let us have a look at what sort of public transport we have here. Largely, it is very, very poor. Of course, there is a system for school bus services. Many students travel many hours to get to their bus to get to their schools, and largely those buses do not do a lot later on in the day but are sitting around. I will give two indicators of the lack of transport. Lismore is a regional centre where we have hospitals, a university and many government departments, yet there is only one bus a day that goes from the coast, where a lot of people live—say, down in Byron—to Lismore and then comes back in the afternoon. But it only comes back at about 3.30 in the afternoon, so if you have a nine-to-five job it is simply not possible to get from the coast to Lismore to do a day's work and then come back. Consequently, of course, we have many, many people hitchhiking. Hitchhiking is actually known as a form of public transport—so much so that recently one of the high schools actually ran a safety campaign to teach their teens about safe hitchhiking practices. That shows you how bad it is. I will also say that many of the magistrates who have people before them facing drink-driving charges are very mindful that, if you take away someone's licence for whatever reason, you are taking away more than just their ability to go and party; you are also taking away their ability to work, to take their children to school and to do all sorts of things. So it is certainly a problem and a reason why many people drive here completely unlicensed—because they just have absolutely no options.

Then we come to the train line, which is known as the Casino-to-Murwillumbah line, which confuses a lot of people. Many people do not seem to realise that that line goes through Byron Bay, Bangalow and Mullumbimby. Of course, this train line was built over 100 years ago, so all our little towns and villages are dotted along this train line. In fact, I went through the Australian Bureau of Statistics figures for 2006, and I came up with the fact that about 86 per cent of people in the Lismore and Byron shires live within five kilometres of that railway line. Of course, five kilometres is a very short distance to walk or cycle. I could have extended the research but, because it gets into the end of the line, the Tweed would have made the numbers very difficult to work on. As I said, Lismore is one of the major regional centres, with the university, hospitals, courts and government offices, and it is one of the eight out of 10 major towns that are sitting on this train line.

Finally, what we really need for our particular train line, coming back to where I started, is the linking of our train line to the Queensland system because that would really make the whole system work, and it then starts creating a loop for transport. Specifically, our train line ends at Murwillumbah which is about 26 kilometres south of Coolangatta. Coolangatta is right on the border. That is where the airport is and it is also where the Brisbane train line is going to be coming down to. So that line at Coolangatta will go all the way up to Brisbane, and it is also the space where the Gold Coast light rail will eventually end up. The Gold Coast light rail just received funding for the first section some months ago and eventually that is going to end up at the Gold Coast airport. At that airport, which is Australia's fourth-largest airport in terms of passenger movements, we are going to have a heavy rail link going to Brisbane and a light rail link going up to the Gold Coast, and it absolutely makes sense that our train line should be linking in there as well. But because that 26 kilometres is across these borders I talked about—federal, state and council borders—it has proved very, very difficult to get that line through. I firmly believe that if that line had been pushed through as it was originally intended by the people who first built the train line then I would not be sitting here talking to you today because we would have trains running on that line.

**CHAIR**—When did the service cease and why?

**Ms Kolbe**—It ceased just over five years ago. The train service that was running at the time was a single once-a-day XPT service to Sydney. So we are talking a long distance train. That train service was not at a popular time because it was running mostly during the evenings. It was not able to be used very much by people locally and it was only going towards Sydney. Also that train line had been starved of funding therefore the train services were running slower. So what we were seeing was a very slow, unpopularly timetabled service.

If you go back to the 1970s, we had two trains and sometimes even more coming through here a day. Whilst those trains were regarded as long distance trains by the planners down in Sydney, they were actually being used as commuting train services, so much so that the train service that ran in the morning that came through Lismore was known as the ‘surf train’ because people in the country areas would get on the train with their surfboards, come down to the coast, have a day here and then catch the train on the way home. It was also used by many kids to get to school either on a daily or a weekly basis. There are a lot of people around here who tell me stories about how they used to go to school on the Monday morning and then come back on Friday because it was just too far on a whole week basis. So what we had then was the wrong service at the wrong time and, strangely enough, it was not being used.

What we are calling for now is to get light rail running. We want to see 16 services a day. We are talking about roughly one an hour for daylight hours. So we are not trying to say that we want to have a train service similar to what you would have in a city but we are saying we would like to have some transport so that we can get people moving around within the area. As I said, it is the transport around this area and it is the transport between this area and South-East Queensland which is our major concern. The transport to and from Sydney is a lesser issue.

**CHAIR**—In terms of patronage, what sort of work have you done to show that the 16 services a day that you say would be optimum would be supported?

**Ms Kolbe**—Southern Cross University, the local university here, did a survey a number of years ago where they asked people. They came up with the numbers of how many people would be catching the train even once a month, and when you push that across the population the figures were that 2,875 people would be on these trains per day. That is far more than 16 two-car train sets would take. That figure is way above even what 16 services a day could take. So clearly there is a lot of demand.

**CHAIR**—In your view, what are the reasons that the service has not been reinstated to provide that local service? What are you getting as to the arguments of why it should not be going ahead?

**Ms Kolbe**—We have had a lot of politics, to put it politely. There has been very little overall study of the costs and benefits. It was very interesting to listen to Mr Litman’s comments about how we need to be looking at the whole system perspective. It actually does fit with some of the things that I have been looking at. The total costs of parking and congestion have not been talked about. Whenever someone has looked at the train services they just have loaded it up in terms of it being a few people and where they can go.

I want to also talk about the tourism numbers. I think this is critical. Tourism numbers do not fit under either local population transport requirements or freight. We talk about coal, agriculture

or sugarcane for freight. In this area tourists are our freight. If you say we are earning hard export dollars by providing services here that people want to use then you start to look at the numbers in a very different way. As far as I am aware, no-one has tried to pull all of those numbers together and work out the export dollars that will be coming to this area if we have part of a train service and make the area more attractive for people to stay here longer and work out the advantages to the local population.

**Senator BACK**—I have listened with keen interest. I do recall when I first came onto the committee that there was mention of a residential area south of Sydney that went through all of the planning processes except for transport. It was only towards the end that anyone actually thought about how they were going to move people to and from that area. I cannot help but think with my limited knowledge of that South-East Queensland and Northern Rivers area that we are looking at the same thing again.

Is your greatest challenge the fact that you just do not have the political lobbying power to be able to bring this to the attention of the Queensland and New South Wales transport officials? We know this area, as you indicated in your preliminary comments, has been attracting retirees for many years. Stupidly, I think a lot of bureaucrats overlook the political lobbying power of retirees. They think they have made their contribution to the world; therefore, they do not have to look after them too much into the future.

I really have no solution other than to show a lot of interest because obviously numbers are high and the demand is going to be stronger. The population in those areas are obviously getting older and they are going to have to rely more on public transport over time. I am dumbfounded to find that they could have got this far in policy planning in that region on the Queensland-New South Wales border and not have addressed these issues already.

You talk about the railway line from Brisbane down to Coolangatta Airport. I thought that railway line was built and completed some time ago. I thought there already was a very attractive funding regime for people moving from Brisbane, including the Brisbane airport and the city, down to Coolangatta. Am I wrong on that?

**Ms Kolbe**—You are half right. There is a train line that goes from the Brisbane International Airport down to Robina Station, which is on the Gold Coast. What they are doing now is extending that train line. The next station, Varsity Lakes, will be opening up in the next couple of months or early next year and eventually it will end up at Coolangatta.

The South-East Queensland planning authority have realised that they cannot simply keep building new roadways. That is why they are building this heavy rail line and adding new services to it. They know that the congestion going into Brisbane every morning is horrendous. On a personal note, my interest in this whole rail question came when I first moved here and thought that I could do a bit of work in Brisbane. Then I faced the awful situation. We drive to Robina Station and hop on the train to go to Brisbane to avoid the Brisbane traffic.

It is with a great deal of irony that I tell you that there actually used to be a train line that went all the way into Tweed Heads, not on the same corridor as they are building it now. It went all the way down. You can still see some of the cuttings in some of the places where the train stations were. It was pulled up about 40 years ago because it was deemed that there were not

enough people, it was not cost-effective. What we are seeing now is that train line effectively being replaced 40 years later at a cost of absolutely billions. It is a complete irony.

**Senator BACK**—Thank you. I am sorry I do not have any other contribution to make except to have been very interested in listening to the story you have just told us.

**Ms Kolbe**—Historically the federal government has not participated in public transport planning, but it is because of the history of federalism in this country that we have these very strange state borders. It is the planning to get across these state borders where I think there is an opportunity for the federal government to be playing a role.

**Senator LUDLAM**—Thanks very much for your contribution. I have a couple of questions. The last thing you said I think is really useful because we have dealt mostly with the Commonwealth's role in funding metro public transport. That is actually a really useful addition, I think. I have read Mr Casmirri's submission. He mentions a PwC study that was done a little while ago that modelled the costs and benefits of reintroducing rail services. Can you talk us through the findings of that study a little bit?

**Ms Kolbe**—Yes. That was the PricewaterhouseCoopers study done in 2004. It was looking at what the costs would be and how you would go about implementing a light rail system. That report took as a starting point the condition of the line in 2004 and then said, 'Right, what would we need to do and how can we phase these in? There are a few repairs that are needed on the line. We need to match that up with how you can open the line and run some services.' They are the ones who came up with up to about 16 services a day. That is where we have taken that from as a target. Fewer services than that, while it could be an interim approach, would not really be able to offer people a public transport system. If you can only get to your destination but you cannot get home then it is really not helping. That report came up with a figure of around \$30 million as being the cost needed to undertake the first few years of the capital and also some of the running costs. So that was a starting point. I will fully acknowledge that that was done some years ago. Obviously the line in one or two places has deteriorated a little bit, but not in a major way. The line is still there.

**Senator LUDLAM**—The line is still serviceable?

**Ms Kolbe**—Yes. There have been a few places where there have been landslides and things like that, but all the expertise that I have been able to bring to bear on this is that those things look terrible but are actually very minor.

**Senator LUDLAM**—The other figure that was floating around—\$30 million was one—was something in the order of, I think, \$150 million.

**Ms Kolbe**—That is right.

**Senator LUDLAM**—Can you tell us where that came from and what the proposal was there?

**Ms Kolbe**—That proposal was put by the New South Wales government when they closed the rail line in 2004. That was where they were saying, 'We need to build the line for a heavy rail to keep it to the same XPT standard, which is effectively a heavy rail.' Also, that particular report

was then saying, 'We'll be building a line which will be usable for up to 20 years.' So loading up all the capital costs up-front makes it look like a very expensive exercise when in fact what you are doing is a capital investment. Of course we need to consider the thing that we have created, that is, the functioning train line which can be used over many years. A lot of that \$150 million is numbers that did not have a lot of basis. We have not been able to get a lot of numbers. In fact, there was an upper house inquiry by the New South Wales government when that figure came out, and it was not able to shed too much more light on that because some of the numbers were estimates as to what was needed overall. The PricewaterhouseCoopers report actually goes through and details every single part of the track, every single bridge, every single turn, and says, 'The state of this is this; this needs this,' whereas the \$150 million was much more of a ballpark figure.

**Senator LUDLAM**—That is interesting. For the benefit of somebody who has not visited the region, is it a single line or a double line?

**Ms Kolbe**—It is mostly a single line. There are a few places where there are passing loops, and in other places there is space where you could put in extra passing loops, but by and large it is a single line.

**Senator LUDLAM**—Can you tell us when, to your knowledge, the expectation is that the heavy rail line will get down to Coolangatta from Brisbane?

**Ms Kolbe**—I wish I could give you a very definite answer. The closest we have seen is by looking at the Queensland budget papers, which give it in five-year blocks. So I think we are looking at 10 years at least, perhaps more. It is a little hard to exactly work out because they give these things in five-year blocks.

**Senator LUDLAM**—Has anybody costed what it would take to complete that last section between the Northern Rivers and Coolangatta from the south?

**Ms Kolbe**—No. I have had some guesstimates from road and rail engineers. We are talking \$150 million to \$200 million, but they were really absolute guesstimates.

**Senator LUDLAM**—So that is 30 or 40 kilometres more rail.

**Ms Kolbe**—It is 26 kilometres as the crow flies. I do not know exactly what the route would have to be. A lot of the land around there is cane farm, so the acquisition costs would not be horrendous. But the thing to do is to acquire the land and get the easements in place before there is further development in that area, because that is an area that is experiencing great growth.

**Senator LUDLAM**—I gather there has been a lot of work done in the community and at the local government level on this and that the community is pretty much on side. What is the state of the campaign there at the moment? Are people are still pressing pretty hard or are you in a bit of a hiatus with it all?

**Ms Kolbe**—I will put it this way. I have studied other train campaigns and I am mindful of the campaign that Armidale faced. I am also mindful of the campaign that was waged in Bairnsdale, Victoria, where it took them 11 years to get their train services back. So those of us who are part



of the long-term campaign team have always known that these sorts of things do not happen overnight. These things do take some time. The mood amongst people is that, for instance, if ever rail comes up on the local radio station there is an absolute outpouring. We constantly have letters to the editor. Still there are more people coming to the area, more people who are saying, 'What's going on here?' Also, with the greater interest in living sustainably at all levels, more and more people are starting to realise that this is an absolute asset that we cannot afford to lose. I think some people might be a little disillusioned, but at the same time the vision is still alive and strong. That is probably the best way of putting it.

**Senator LUDLAM**—I really wish you well. I hope that in some small way this inquiry can help push things along a bit. It really seems long overdue and quite common sense, as far as I can see from the submissions and the evidence you have given us this morning. Thank you.

**Ms Kolbe**—Thank you, Senator.

**CHAIR**—Thanks very much, Ms Kolbe. We really appreciate you taking the time to be with us and give us that evidence this morning. Thank you to all the witnesses who appeared.

**Committee adjourned at 10.23 am**