

17 January 2014

Committee Secretary  
Senate Standing Committee on  
Rural and Regional Affairs and Transport  
Parliament House  
CANBERRA ACT 2600

Dear Secretary

The Tourism & Transport Forum (TTF) welcomes the opportunity to make this submission to the Standing Committee on Rural and Regional Affairs and Transport as part of its inquiry into the Infrastructure Australia Amendment Bill 2013 (“the Bill”).

The Tourism & Transport Forum represents the public policy interests of Australia’s leading transport, tourism and aviation companies and organisations. We are a strong advocate for investment in Australia’s transport infrastructure by all levels of government. This submission therefore primarily relates to Infrastructure Australia’s involvement in the prioritisation and assessment of transport projects.

## **1. The role of the Australian government**

In recent years, there has been growing support for a strong role for the Commonwealth in the provision of transport infrastructure. This reflects a greater appreciation of the importance of transport infrastructure (including in urban areas) to the growth of the national economy and Australia’s productivity. With congestion costs forecast to reach \$20 billion by the end of the decade, the economic strength of our cities is threatened by inadequate transport networks.

Similarly, such infrastructure is vital to the liveability and sustainability of our cities as they expand geographically and their populations increase. By 2056, our capital cities will have doubled their populations, with Melbourne and Sydney both forecast to exceed 7 million people.

Historically, the role of the Commonwealth in transport has primarily related to responsibility for interstate and international air services along with shared responsibility for national roads and some cross-continental railways. Funding has also been provided at relatively modest levels for local and state roads, particularly through local government grants and programs like the federal Black Spot program.

Federal support for our transport network has more recently expanded to include urban motorways and, during the term of the last government, public transport infrastructure projects.

TTF strongly supports a role for the Australian government in the provision of transport infrastructure. Federal involvement has enhanced the assessment and prioritisation of nationally-significant transport projects and also assisted state and local governments which would otherwise not have the capacity to fund necessary infrastructure.

With Infrastructure Australia having identified an infrastructure deficit of \$300 billion, that role will continue to be vital if we are to ensure Australia's future economic prosperity.

## **2. A 'modally neutral' Commonwealth**

While there is general acceptance that there is a strong role for the Australian government in supporting Australia's transport network, there is some conjecture and debate about whether that role should extend to urban public transport projects.

TTF strongly supports a modally-neutral approach to assessing and funding transport infrastructure needs and proposals. In short, the federal government should fund projects based on their contribution to the functioning of the national economy and enhancing national productivity. Such an approach would see support flow to both urban road and public transport projects. To distinguish between classes of transport infrastructure neglects the role that all modes play in the functioning of our cities and our economy. Federal funding, if directed just to roads, will inevitably skew state priorities to major motorway projects whether they are the most important or not.

In its December 2013 Urban Transport Strategy, Infrastructure Australia noted that:

"..any discussion on urban transport needs to consider roads and public transport together, since greater use of one may result in less use of the other, and funds allocated to one are not able to be allocated to the other." (p5).

"A further risk of Australian government funding only major infrastructure projects, or certain types of infrastructure projects, include that states and territories may unduly focus on such projects at the expense of wider perspectives..." (p9)."

TTF concurs with these sentiments.

The overarching principle of modal neutrality is supported by the critical role that public transport plays in our cities. Growing congestion will only be contained by both a better road network and the provision of expanded public transport services. In some of our major CBDs, improved public transport is the only viable option as land constraints mean that expansion of the road network is not feasible.

Travel trends observed in Sydney reflect the potential of public transport in responding to the growing transport demand in constrained urban centres. For the past decade, the number of public transport trips increased by 38.1%, representing 80% of the transport demand to the city centre in 2012. Over the same period the number of individual vehicle trips rose by only 8.7% with a declining mode share of 14% in 2012 compared to 17% in 2002.

While new road infrastructure and traffic management measures are critical to contain congestion, the role of public transport should not be overlooked.

In most capital cities, public transport infrastructure has suffered from decades of inadequate investment and is itself reaching capacity on many routes and services. This is particularly so in Sydney, Melbourne and Brisbane, while a large increase in rail patronage in Perth has seen crowding on its rail network. In many cases, critically needed infrastructure involves the injection of major new capacity by way of what will be multi-billion dollar projects. These include the Brisbane Underground project, a second Harbour rail crossing in Sydney, the Melbourne Metro project, and the proposed light rail network in Perth. In Adelaide, completion of the electrification of urban rail is necessary to grow public transport patronage in that city.

While some state governments will be able to fund these infrastructure projects, others will find it difficult (particularly in a desirable timeframe) without federal support.

This issue is therefore important for the role of Infrastructure Australia and is relevant to some of TTF's specific comments about the Bill:

### **3. Infrastructure Australia Amendment Bill 2013**

TTF is a strong supporter of Infrastructure Australia and its evolving role in improving the prioritisation, long-term planning and delivery of nationally-significant infrastructure. Overall, TTF believes that this Bill will enhance the role of Infrastructure Australia and its independence. We therefore support the Bill.

By its nature, most infrastructure projects have planning and construction periods that extend beyond the normal political cycle. Without a durable long-term plan identifying and prioritising the infrastructure needs of the country there is a risk that governments will commit to supporting projects that are less worthy or of lower priority than others.

TTF believes that the role of Infrastructure Australia will be enhanced by two key elements of the Bill.

#### **a. Long-term planning**

TTF supports section 5B of the Bill which will require Infrastructure Australia to develop 15-year plans that specify nationally-significant infrastructure priorities.

This will help ensure that there is an overarching framework, particularly for federal investment in infrastructure.

Such plans are crucial for ensuring that there is a measurable benchmark for progress by all levels of government and will assist in ensuring that long-term decisions are being taken based on clearly articulated sets of priorities.

TTF notes that the level of long-term infrastructure planning at a state level has improved in many jurisdictions. We would encourage Infrastructure Australia to work closely with the states in developing national plans, particularly in areas where the states have considerable experience, like public transport planning.

#### **b. Proactive Infrastructure Priority Lists**

One of Infrastructure Australia's core functions has been to assess proposals for major infrastructure projects. Most of these projects have been initiated by the states and territories and submitted to Infrastructure Australia as part of the pipeline for federal funding.

This has been an important process and has assisted in improving the quality of infrastructure proposals submitted to the Commonwealth. It has also formed the basis of Infrastructure Australia's Priority Lists, which rank projects based on a range of criteria it has developed.

This has been a useful tool for assessing which projects have a strong case for funding.

However, the limitation of this approach is that it is reactive. The assessment of projects is based on those that are submitted by governments. They are not priority lists drawn from a more holistic assessment of the infrastructure needs of the nation.

TTF therefore welcomes subsection 5(b) of the Bill which requires Infrastructure Australia to develop Priority Lists based on its own audit of the adequacy and condition of nationally-significant infrastructure. This will help ensure that Priority Lists reflect what is needed rather than simply what is submitted.

While TTF overwhelmingly supports the Bill, we do have two reservations.

#### **c. Limitations on 'classes of proposals' - 5A(2).**

Section 5A gives Infrastructure Australia the function of evaluating proposals that are nationally significant or that are referred to it by the Minister.

This is a key role for Infrastructure Australia and such assessments form the foundation for both federal funding and, potentially, private sector investment.

Subsection 5A(2) provides that this role can be limited by the Minister who can issue a direction effectively excluding certain classes of projects from Infrastructure Australia's purview.

Neither the Explanatory Memorandum nor the Minister's second reading speech outline the intent or justification for this provision. "Nationally significant infrastructure" is already defined in the Act to include four types of infrastructure (transport, water, energy and communications). It is far from clear as to why any further limitations are required.

TTF is concerned that this provision may allow the Minister to prevent Infrastructure Australia from assessing proposals relating to public transport. For the reasons outlined above, we would regard this as a fundamental mistake that would see funding flow to a narrower band of projects that may not be the most important for a particular city or state, or the nation's productivity.

The provision seems an unnecessary restriction on the independence of Infrastructure Australia and its capacity to provide advice on what should be priority projects.

In the absence of further clarification, TTF recommends that this section be omitted.

**d. Omission of Infrastructure Australia's role in assessing Commonwealth funding programs.**

TTF notes that the Act, among the functions currently given to Infrastructure Australia, includes subsection 5(2)(h):

“to review Commonwealth infrastructure funding programs to ensure they align with any Infrastructure Priority Lists”

This subsection has been omitted from section 5 of the Bill.

TTF believes that Infrastructure Australia can play a valuable role in providing advice to the federal government on the structure of federal funding programs so that they are maximising the delivery of prioritised nationally-significant infrastructure.

TTF therefore recommends that this subsection be retained as a function of Infrastructure Australia in section 5.

With the three recommendations in this submission, TTF is confident that the Bill will enhance the role of the Commonwealth in ensuring that Australia's infrastructure meets the needs of the national economy and our growing population.

We would be happy to elaborate on any aspects of this submission.

Yours sincerely



**Ken Morrison**  
CHIEF EXECUTIVE