

Tourism and Transport Forum (TTF) is a national member-funded CEO forum, advocating the public policy interests of the 200 most prestigious corporations and institutions in the Australian transport, property, tourism & infrastructure sectors.

Tourism & Transport Forum

Inquiry into the investment of Commonwealth and State funds in public passenger transport infrastructure and services

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Summary of Recommendations

- The Federal Government should provide long term funding assistance for key capacity-building public transport infrastructure projects in major urban centres.
- Stronger links should be developed between Federal funding for infrastructure projects and the delivery of transport policy reforms and service improvements
- The Federal Government should provide the necessary ongoing funding to the NTC to ensure the National Transport Plan addresses key issues faced within the public passenger transport sector.
- The Federal Government should continue the development of a transparent, national approach to Public Private Partnerships.
- The Federal Government should amend Fringe Benefit Tax legislation to end horizontal inequity between private and public transport.
- The AusLink program should be expanded to include funding for urban passenger transport projects, including heavy and light rail infrastructure.
- The Federal Government should provide a level playing field for public transport and rail freight in the Carbon Pollution Reduction Scheme (CPRS).

Tourism & Transport Forum

The Tourism & Transport Forum (TTF) is a national, Member-funded CEO forum, advocating the public policy interests of the 200 most prestigious corporations and institutions in the Australian transport, property, tourism and infrastructure sectors.

TTF's membership comprises the most significant players within these. TTF's membership consists of representatives from:

Accommodation & Gaming

- Resorts & Hotel Chains
- Owners & Investors
- Timeshare
- Serviced Apartments
- Casinos

Marketing & Attractions

- Theme Parks
- Cultural Attractions
- National & Marine Parks
- Tourism Marketing Organisations

Tourism Infrastructure

- Precinct Managers
- Institutional Investors
- Infrastructure Owners
- Ports
- Airports

Major Events, Retail & Hospitality

- Convention & Exhibition Centres
- Restaurants & Wineries
- Travel & Tourism Retailers
- Venues

Transport & Aviation

- Airlines
- Rental Cars
- Buses and Coaches
- Passenger Rail
- Cruise Lines

Professional Services

- Legal & Accounting
- Advertising & Public Relations
- Research & Education
- Technology & Solutions

TTF is committed to improving the quality of passenger transport across the country. TTF's Members include public transport operators, investors, infrastructure developers, consultants and many others with an interest in improving accessibility to passenger transport in Australia. TTF is working to ensure Australians have genuine transport choices that meet their needs, by encouraging the integration of land use planning, infrastructure development and community and business requirements.

Introduction

TTF welcomes the opportunity to contribute to the *Inquiry into the investment of Commonwealth and State funds in public passenger transport infrastructure and services*. We are encouraged by the aims of the inquiry as a catalyst for the development of Federal Government policies to meet the future transport needs of the nation.

Historically, underinvestment in Australian transport systems has been the result of a lack of a co-ordinated national approach to transport infrastructure. Investment has largely come at a state level with little realisation of the importance of transport systems to the social, environmental and economic well being of all Australians.

The resurgence of demand for efficient public passenger transport networks, particularly in urban centres, coupled with the lack of long term ongoing investment has put an enormous strain on public passenger networks across the country. Increasing urban populations, the costs of private vehicle travel and increased environmental consciousness has lead to unprecedented patronage growth.

In September 2008, TTF released a major policy paper, the *Australian Transport Compact*, and called on:

“Federal, State, and Territory Governments to make a compact on the future direction of transport in Australia. The compact should outline the roles and responsibilities of each tier of Government, and specify key actions that must be delivered. Agreement of the objectives of the compact should be a precondition to the delivery of funding for key transport infrastructure projects under the Building Australia Fund.”¹

The paper outlined a comprehensive series of national transport reforms and major infrastructure projects that should be at the heart of Australia’s national transport policy agenda:

Key national reform measures should include:

- *A coordinated national plan to address urban congestion;*
- *A national plan for the transition of the transport industry to the low-carbon economy;*
- *Measures to ensure the timely approval of important infrastructure projects;*
- *A national pipeline of infrastructure projects;*
- *More university places in transport-related degrees;*
- *A National Road Safety Council;*
- *A National Rail Safety Regulator;*
- *A single national vehicle registration scheme;*
- *A single national driving license system;*
- *A national review of the taxi industry; and*
- *A review of taxes on transport policy such as the FBT exemption for salary packaged cars.*

Public transport infrastructure projects of national significance (to receive funding from the Building Australia Fund) should include:

- *The planned Sydney Metro network;*
- *The proposed Melbourne CBD rail tunnel;*
- *A second rail crossing of the Brisbane River;*
- *Electrification of the Adelaide metropolitan rail network; and*
- *More rolling stock for the Perth metropolitan rail network.²*

¹ Tourism & Transport Forum, *Australian Transport Compact*, 2008, p4.

² *ibid.*, p4.

The *Australian Transport Compact* argued that the most important priority for public transport infrastructure around the country is to expand the capacity of passenger rail infrastructure in major urban areas. In exchange for Federal Government investment, States and Territories must commit to a series of regulatory reforms and actions targeted at overcoming cross-jurisdictional inconsistencies with transport operation.

In a similar vein, the 2005 Sustainable Cities Report recommended the development of a broader 'sustainability charter', to be implemented through the office of an Australian Sustainability Commissioner.³ Again, the central premise is to encourage jurisdictions to meet agreed national benchmarks and priorities by linking federal funding to performance and outcomes. Recommendation three of the Sustainable Cities report states that:

- *The Australian Government establish an independent Australian Sustainability Commission headed by a National Sustainability Commissioner;*
- *Task the Commission with monitoring the extent to which Commonwealth funds and State and Territory use of Commonwealth funds promotes the COAG agreed sustainability targets; and*
- *Task the Commonwealth with exploring the concept of incentive payments to the States and Territories for sustainability outcomes along the lines of the National Competition Council model.*⁴

TTF firmly believes that there is a strong need for national leadership in the provision of sustainable transport infrastructure and services. A 'carrot and stick' approach – as outlined in both the Australian Transport Compact and Sustainable Cities reports – will deliver the national leadership required.

Attached is a copy of the Australian Transport Compact, which should be read in conjunction with this submission. Following are statements in direct response to the Inquiry's Terms of Reference.

³ Standing Committee on Environment and Heritage, *Sustainable Cities*, 2005, p30.

⁴ *ibid.*, p36.

Statements to the Terms of Reference

a. An audit of the state of public passenger transport in Australia

Transport networks in Australian capital cities have now reached critical mass. Community attitudes towards sustainable transport have shifted significantly in recent years, resulting in unprecedented demand for public passenger transport services. The number of passengers across the entire Australian rail network increased from 604.9 million passenger journeys in 2002-03, to 643.4 million in 2005-06.⁵

TTF undertook to assess the national infrastructure transport challenge in the *Australian Transport Compact*. This document outlines the key passenger transport challenges and priorities in each State and Territory focusing on supply, demand management and regulatory reform. Further to this report, there are a number of critical transport challenges at a national level relating to capacity; market inefficiency; lack of investment in long distance transport infrastructure; access; and operational inefficiency.

Urban Capacity Constraints

Capacity constraints on urban public transport systems, particular heavy rail systems, is the single most important challenge facing transport networks in the country. In the past three years on the Melbourne metropolitan rail network alone, the number of passenger journeys has increased by more than 30 per cent.⁶ On the Brisbane rail network, Citytrain has experienced seven per cent per annum growth over the last three years.⁷ Similarly, other urban centres have also experienced burgeoning growth.

The demand for passenger transport services has now outgrown supply during peak periods in our major cities. A long term lack of investment and the scale of this new demand mean our urban transport systems are buckling. Reliability, increased service frequency, cleanliness and other service standards have become increasingly difficult to maintain as public transport operators deal with outdated twentieth century infrastructure in twenty-first century global cities.

If long term ongoing investment in public passenger transport systems is not significantly increased, transport operators, particularly rail operators, will be faced with the task of having to cap their capacity.

Transport Market inefficiency

The inability to deal with this growth is the direct result of underinvestment by successive Australian Governments in passenger transport infrastructure. This is largely the result of an inability to adequately define the relationship between transport network use and cost. Invariably the external costs of both transport-related pollution and traffic congestion are not sufficiently factored into decision making processes. Moreover, it is a result of the lack of a national approach to the transport task by successive Federal Governments.

A number of regulatory regimes compound this problem by offering various incentives and disincentives. These encourage inefficient commuting behaviour and perpetuate the reliance on certain transport modes regardless of whether modes are best suited for a given situation. Further problems exist relating to inefficiencies with planning processes, cross-departmental issues and cross-jurisdictional alignment of regulation.

a. Incentives and disincentives

⁵ Bureau of Transport and Regional Economics, *Australian Transport Statistics*, June 2008 p14.

⁶ East-West Needs Assessment Report, p84

⁷ Information supplied directly from Queensland Rail

Invariably, the full cost of transport is not appreciated by the end user due to the heavy subsidisation of certain modes in favour of others. This has led to market distortion and effected wasteful and unproductive market practices.

i. The tax system

The current system provides benefits to employees who drive salary-packaged cars. The application of the statutory formula to car fringe benefits cost the Federal Government approximately \$1.5 billion in 2006-07 and is one of the largest Government tax expenditures.⁸ The level of this benefit actually increases with the number of kilometres the employee drives – thus providing a financial incentive to drive more. No such benefit is available to people who use public transport or bicycles – resulting in a market distortion which encourages people to drive to work, and increases the level of traffic congestion on urban roads.

ii The Carbon Pollution Reduction Scheme (CPRS)

The Federal Government's Carbon Pollution Reduction Scheme will distort the market for urban transport by introducing an extra cost for public transport users (higher energy costs), while protecting motorists from increasing costs through cuts to petrol excise. This is despite the Green Paper identifying that sustained price increases lead to reductions in car fuel consumption.⁹ This government-imposed market distortion will make public transport (particularly rail services) less competitive against car use, and will therefore lead to increased traffic congestion and increased transport-related greenhouse gas pollution. The excise reduction for petrol will compromise the integrity of the market mechanism at the heart of the emissions trading scheme.

b. Planning practices

Over the long term, planning practices have perpetuated car reliance rather than addressing the necessary underlying behavioural changes required to relieve congestion. Such planning practices, in combination with urban sprawl, have created urban fringes characterised by low density, low levels of public transport use and high levels of car dependency. Transport infrastructure on these fringes is invariably costly due to the longer distances between centres of interest, leading to infrequent service provision in these areas. This has resulted in groups of *transport disadvantaged* in areas that are unable to access private vehicles and have limited or no access to public transport.

c. Cross departmental issues

A further problem is the lack of cross departmental communication informing decisions. Effective co-ordination of Government departments while maintaining a productive balance between competing departmental priorities is not being achieved. This has led to poor decisions in jurisdictions such as NSW. Conflict of interest issues can also arise when the Government is both the regulator and the operator or proprietor of a transport service, meaning further economic inefficiencies.¹⁰ Additionally, the lack of co-ordinated services between different modes of transport has created competition among mode operators such that bus and train services compete for the same passengers rather than working together to move those passengers in the most efficient way.

d. Cross-jurisdictional inefficiency

Cross jurisdictional differences in relation to access, regulation and pricing have also created an unnecessary burden on national transport operators and confusion for travellers. While recognising differences in the specific economic and social conditions of different states, businesses operating at a national level contend with each State and Territory regime independently. This inefficiency has created unnecessary costs, shifting scarce resources away from industry innovation and development and into regulatory compliance. TTF

⁸ Treasury, *Architecture of Australia's tax and transfer system*, August 2008 p33

⁹ Department of Climate Change, *Carbon Pollution Reduction Scheme: Green paper*, July 2008, p101

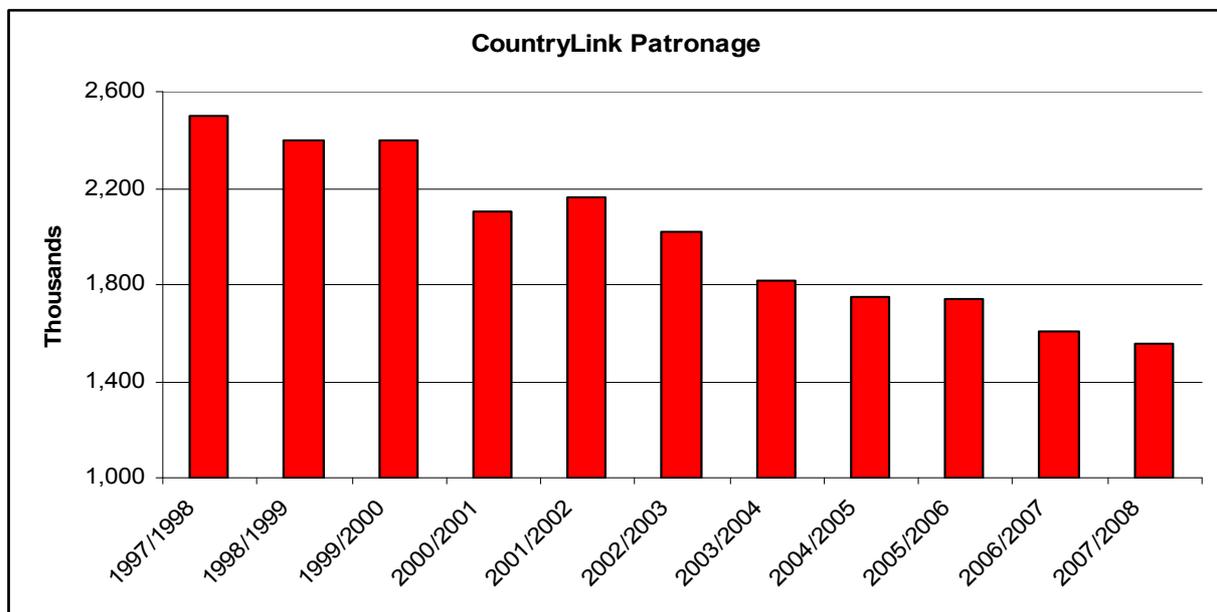
¹⁰ Walker, Brett, *Report of the Special Commission of Inquiry into Sydney Ferries Corporation*, October 2007, p8.

believes there is a necessity to investigate harmonisation and standardisation between these regimes.

Long Distance Land Transport Investment

Equally important are the land transport links that connect our urban centres. Australia's vast distances between centres and unique topography require large scale transport expenditure and ongoing costly maintenance regimes – leading Governments over the long term to prioritise other investments over much needed projects such as the Pacific Highway upgrade or a very fast train network. For existing long distance services, the lack of investment is having a negative impact on patronage levels.

CountryLink, the regional arm of the NSW Government's rail services organisation RailCorp, has seen a significant decline in patronage in the past decade, largely the result of a lack of long term direct investment by successive Governments to maintain and upgrade lines and rolling stock. The table below shows CountryLink patronage levels since 1997-98, which have recorded year on year declines and a total fall over the 10 years of 38 per cent.¹¹



Access Issues

One of the critical issues facing long distance land transport links is the competition between freight and passenger services for access to transport corridors. Overcoming Australia's freight challenge is particularly important for the economy, while improving long distance passenger links remains vital for regional tourism and intrastate and interstate travel.

This challenge also applies to urban centres, with forecast growth in the freight and passenger transport task over the next two decades set to further exacerbate congestion. The road freight task is projected to grow at 4 per cent per annum between 2000 and 2020 in Australian capital cities,¹² which will increase the passenger road transport task significantly.

On rail, freight and passenger services compete across the entire transport network. This competition will only intensify with the Federal and State goals of increasing the rail freight task to ease congestion on the road network. Considerable investment is required to facilitate this mode shift, with our urban rail networks already experiencing significant capacity

¹¹ State Rail Authority & RailCorp Annual reports for each financial year 1997-98 to 2007-08

¹² Bureau of Transport and Regional Economics. The BTRE (2002b) estimate of 4.0 per cent was based on an earlier economic growth assumption of 3.05 per cent a year.

constraints. Funding will be essential to separate freight and passenger lines, improve freight intermodal facilities and overcome pricing disparities.

Operational Inefficiencies

Although it is easy to highlight a lack of investment as the critical factor leading to the current transport challenges facing Australians, inefficiencies in the operation of existing transport networks are also a factor.

Specific cases of operational inefficiency are most evident in the lack of service accountability and financial incentive provided by Governments to transport operators acting as Government Trading Enterprises (GTEs) in monopoly markets. Sydney Ferries, for instance, as the only provider of key ferry routes on Sydney Harbour, until recently operated without transparent and clear service goals, with little incentive provided to undertake internal reform to maximise infrastructure use and operational efficiency. The ensuing decay of services and safety performance resulted in the Special Commission of Inquiry into Sydney Ferries Services and subsequent report in 2007. The inquiry, chaired by Brett Walker SC, identified a raft of problems within the organisation ranging from endemic cultural issues to outdated infrastructure.¹³ His analysis of the inefficient operation of the service leading to declining patronage, increasing customer complaints, and poor reliability stands as example of how poorly operated infrastructure can be just as harmful to transport networks as a lack of long term investment.

TTF strongly encourages the need for the Inquiry to further investigate the state of public passenger transport services in Australia and refers the inquiry to the *Australian Transport Compact* for further consideration on this issue.

¹³ Walker, Brett SC, *Report of the Special Commission of Inquiry into Sydney Ferries Corporation*, 31 October 2007.

b. Current and historical levels of public investment in private vehicles and public passenger transport, including integration with bicycle and pedestrian initiatives.

Successive Australian Governments have under-invested in public passenger transport infrastructure. This is no more evident than in the inability of current transport systems to cope with the surge in demand for services. Australian Governments are now under mounting pressure to increase investment in transport systems.

A key result of long term under-investment in public passenger transport is the over-reliance on private vehicles for movement in and around urban centres, accounting for the mass congestion now experienced on urban road networks. In 1998, David Hensher stated that *“the demand for car ownership and use is almost insatiable. Planners and politicians struggle to find ‘solutions’ to the imbalance between the modes”*.¹⁴

There will always be a need for road upgrades and private vehicles - public passenger transport simply cannot be everywhere for everyone at all times of the day and night. Moreover, apart from the necessity of an efficient road network for trucks and private vehicles, road infrastructure also carries essential public transport operations like buses and trams. The challenge is to find the right mix for the right situation.

State Investment in Transport Infrastructure and Services

Public investment in transport infrastructure varies greatly from state to state indicating not only differences in the relative size, scope and nature of transport provision but also the differences in state government policy and the effectiveness of individual investments.

The table below shows the difference in the level of per capita spending on urban transit systems and road networks across Australian States and Territories and the national average. It demonstrates that the level of expenditure on roads on average per capita in 2006-07 was almost 13 per cent greater than that spent on urban transit. Road expenditure was higher in every State and Territory, with NSW the only exception.

Urban Transit v Roads Expenditure 2006-07¹⁵

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust Av. |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| | \$pc |
| Urban Transit | 477.04 | 80.43 | 187.31 | 235.81 | 93.20 | 50.89 | 200.01 | 205.40 | 250.96 |
| Non-Urban Transport | 27.86 | 116.61 | 66.63 | 56.40 | 15.91 | 18.85 | 0.00 | 18.45 | 58.72 |
| Roads | 396.43 | 319.18 | 379.51 | 311.35 | 237.44 | 308.13 | 228.71 | 575.26 | 350.47 |

While public transport advocates would be alarmed by the imbalance in favour of road funding, it must be remembered that the level of expenditure by Government is influenced by many factors. Road expenditure, for instance, is dictated by road length, road use, the physical environment, the number of bridges and urban traffic management. Similarly, urban transit expenditure is influenced by the length of rail truck, number of buses, ferries, and rail carriages, the level of concessions provided and the types of modes with greater utilisation. Nevertheless, over the long term this bias towards road investment has shaped the need for further road investment and increased demand for private vehicle use.

Commonwealth Investment in Transport Infrastructure

It is worth noting that although State Governments have by and large undertaken the public transport investment task, the Federal Government has in the past allocated funding to state or city specific projects through a range of legislation and funding programs such as:

¹⁴ Hensher, D. (1998) *The imbalance between car and public transport use in urban Australia: why does it exist?*, Transport Policy, 5: 193-204pp.

¹⁵ Commonwealth Grants Commission, State Finances Inquiry, 2008 Update Report, Working Paper Volume 3: 31 - Urban Transit, p2 & 30 - Roads, p9.

- Australian Land Transport Development Act;
- Australian Bicentennial Roads Development Trust Fund Act;
- Australian Centennial Roads Development Act; and
- The Better Cities Program.

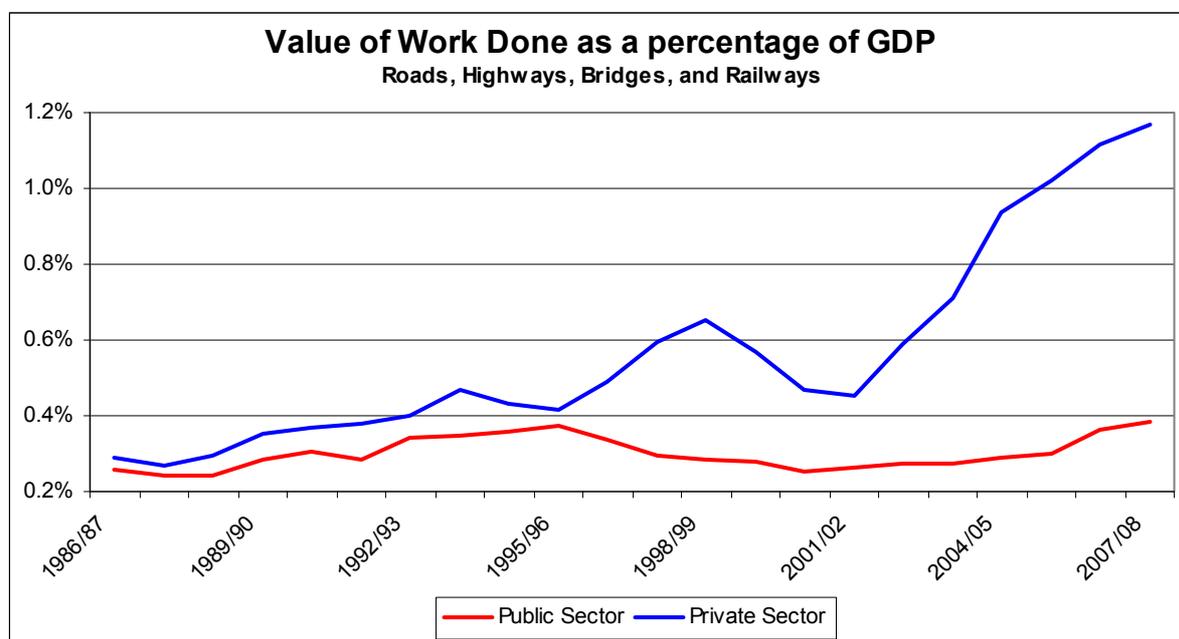
Despite the propensity of successive Federal Governments to steer clear of direct investment in public passenger transport, TTF is encouraged by the Federal Government's establishment of the Building Australia Fund and Infrastructure Australia as new mechanisms for funding. However, further ongoing funding will be required, especially with increasing pressure on state budgets and the need for capacity building projects, particularly in major urban centres. Funding mechanisms are discussed further in *section e* of this submission.

Recommendation: The Federal Government should provide long term funding assistance for key capacity-building public transport infrastructure projects in major urban centres.

The Role of the Private Sector

The level of public investment alone does not give a true indication of the level of total investment in transport infrastructure. Increasingly, Australian Governments have utilised the private sector to invest in social infrastructure traditionally provided by the public sector, such as transport.

A review of the levels of investment by the public and private sector shows that while public investment in roads, highways, bridges, and railways has remained relatively level as a proportion of Gross Domestic Product (GDP) over the past 15 years (averaging 0.3 per cent), total investment in this transport infrastructure has in reality increased. A growing proportion of investment has been generated by the private sector, most considerably since 1996.



This graph shows the value of public versus private sector work on roads, highways, bridges, and railways since the 1986/87 financial year as a proportion of GDP.¹⁶ While investment by both sectors was largely on par as a percentage of GDP, the gap between public and private sector investment has widened - most considerably since 2001/02.

¹⁶ Source: ABS cat. No. 5206.0, Table 1 and ABS cat. No. 8762.0, Table 8 and 10. Economic transport infrastructure includes roads, highways, and subdivisions; bridges; and railways.

The private sector has also increased the proportion of total work completed for the public sector. Analysis of the total value of work completed solely on railways for the public sector shows that in the five years to 2002-03 the private sector completed on average 28 per cent of the work, with the public sector contributing 74 per cent. In the five following years to 2007-08, the proportion levelled to an average of 50 per cent each for both sectors.¹⁷ This shows the increasing importance of the private sector in delivering critical public transport projects.

In relation to public passenger transport service delivery, reforms in Victoria have demonstrated the advantages of greater private sector involvement. Since the 'franchising' of Melbourne's heavy rail and tram service in 1998, Victorian commuters have returned to the public transport system in unprecedented numbers. Since 1999 Connex Melbourne has experienced a 79 per cent increase in transport patronage.¹⁸ While the original franchising process led to unsustainable contracts with the chosen operators, the revised contracts have been endorsed by the Victorian Auditor General as providing value for money to Victorian taxpayers.

Multi-modal transport investment - Bicycle & Pedestrian integration

Type of investment is also critical to understanding the effectiveness of different transport systems. Increasingly, transport planners have steered away from traditional road versus rail debates, with the awareness that multi-modal integrated systems are key to efficient mobility within urban centres. New infrastructure, such as the Mandurah line in Perth, has used existing transport corridors for multi-modal purposes. In addition, train and bus stations have now become transport hubs where commuters park their cars or chain their bicycles and continue their journey on public transport. In Canberra, commuters are able to attach their bike to the front of the bus.

The case for investment in cycleways and car free zones for pedestrians has increasingly gained traction with policymakers. The City of Sydney's *Sustainable City 2030* vision includes a cycling and pedestrian strategy with set targets of at least 10 per cent of trips made in the city by cycling and 50 per cent of trips by walking.¹⁹ In Queensland a bicycle sharing scheme has been introduced by Brisbane City Council with 2,000 bikes being made available for hire over the next 20 years.²⁰ State Governments have also acted. In Victoria, the recently released Victorian Transport Plan committed \$100 million in increased funding for bicycle lanes and shared walking and cycling paths on priority bicycle routes and \$5 million for a new public bicycle hire scheme for inner Melbourne.²¹ In a recent initiative, the Federal Government has also allocated \$40 million to a nationwide bike paths program.²²

While this investment is relatively small compared with the investment in large scale transport infrastructure projects, riding and walking are increasingly seen as viable transport modes for short range journeys.

¹⁷ ABS cat. No. 8762.0

¹⁸ Information supplied directly from Veolia Transport.

¹⁹ City Of Sydney, *Sustainable Sydney 2030: City Of Sydney Strategic Plan Final Consultation Draft*, 2008, p34.

²⁰ Moore, Tony, *Wheels in Motion for Public Hire Plan*, Brisbane Times, 11 February 2009, sighted 12 February 2009 at <http://www.brisbanetimes.com.au/news/queensland/wheels-in-motion-for-public-bike-hire-plan/2009/02/11/1234028074268.html>

²¹ State of Victoria, *Victorian Transport Plan, 2008*, p107.

²² Hudson, Phillip, *\$42b stimulus package: Rudd cuts a deal with Xenophon*, 13 February 2009, sighted 13 February 2009 at <http://www.smh.com.au/national/42b-stimulus-package-rudd-cuts-a-deal-with-xenophon-20090213-86jw.html?page=-1>

c. An assessment of the benefits of public passenger transport, including integration with bicycle and pedestrian initiatives.

The benefits of public transport are indisputable. Not only do efficient public transport systems enable the swift mass movement of people over long distances, they enable people to travel to employment, connect families and friends, and stimulate social activity. Frequent, reliable public transport is integral to the 21st century global city.

Economic Growth and Urban Congestion

Australia's transport networks are critical to maintaining our well being and prosperity, particularly in capital cities, which provided 78 per cent of national economic growth between 2000 and 2006.²³

Increasing urban transport congestion, however, is a major national issue - choking our cities and putting the brakes on productivity. It is estimated that the social cost of urban congestion will reach \$20 billion by 2020 if left unchecked,²⁴ notwithstanding the social isolation and exclusion that comes with poorly operated and serviced transport systems. Public transport systems are pivotal to reducing urban congestion. Each train in Sydney removes approximately 1,000 cars from the city streets. Meanwhile, the integration of bicycles and pedestrians with other modes of transport not only brings significant health benefits but also enables a more active city.

Environmental Benefits

Public passenger transport will play a significant role in reducing Australia's carbon footprint. Transport emissions currently account for 14 per cent of Australia's total emissions with road transport contributing close to 90 per cent - 62% of this was from passenger cars.²⁵ In contrast, rail contributes just 2.6 per cent. With the goal of reducing transport-related greenhouse gas emissions, it is essential that more of the transport task is taken up by less polluting modes, such as public transport, rail freight, cycling and walking. Encouraging commuters to make the shift from private vehicles to public transport is therefore critical to reducing carbon emissions.

Social Interaction

Access to efficient and co-ordinated transport systems encourages interaction between communities and individuals and attracts skilled workers.²⁶ Increased transport options provide opportunities for people and businesses commercially, environmentally and socially.

Insufficient access to adequate public transport restricts options for work, education, health and community services. This in turn encourages private vehicle use at a cost to the environment and road infrastructure. It also leads to social disadvantage for those people without cars or access to them.

²³ Australian Council of Local Governments, media release, *Making Our Major Cities More Liveable, Productive and Sustainable*, sighted at http://www.aclg.gov.au/media_centre/backgrounders/files/major_cities.pdf, 23 February 2009.

²⁴ Bureau of Transport and Regional Economics, *Estimating urban traffic and congestion cost trends for Australian cities – working paper 71*, 2007 p109.

²⁵ Department of Climate Change, *Carbon Pollution Reduction Scheme: Green paper*, July 2008, p99

²⁶ Regional Cities Victoria, Submission 98, p.6 cited in *Sustainable Cities report: Transport House of Representatives Environment Committee* September 2005

d. Measures by which the Commonwealth Government could facilitate improvement in public passenger transport services and infrastructure

The development of an efficient national transport system requires a coordinated national effort. Jurisdictional differences can place substantial economic costs on business and cause inconvenience for visitors. The duplication of transport systems between jurisdictions creates a massive cost burden on Australian taxpayers, and reduces the pool of available funding for much needed infrastructure and service improvements. States and Territories must put parochialism aside and agree to a wide-ranging national reform agenda to build safer, more efficient and more user-friendly transport systems. This agenda should cover regulations and governance structures surrounding transport networks across the country.

The *Australian Transport Compact* called for Federal, State, and Territory Governments to make a compact on the future direction of transport in Australia. The compact should outline the roles and responsibilities of each tier of Government, and specify key actions that must be delivered. Agreement on the objectives of the compact should be a precondition to the delivery of funding for key transport infrastructure projects under the Building Australia Fund.

Recommendation: Stronger links should be developed between Federal funding for infrastructure projects and the delivery of transport policy reforms and service improvements

National Transport Plan

The National Transport Commission (NTC) has, through the development of a National Transport Plan, commenced addressing some of the key issues impacting the industry, such as harmonised rail safety regulation and supply chain capacity constraints. While the plan is still in its infancy, the Australian Transport Council (ATC) and the NTC have made significant progress by identifying the major issues impacting the industry.

However, progress has been slow on major reform. Cross-jurisdictional barriers continue to plague implementation. Overcoming this will require a national approach to transport regulation and will present a major challenge for policymakers. Entrenched State based regimes need considerable reform to facilitate national harmonisation and political will yet to be displayed.

This task of implementing national reform in an industry dominated by state based irregularities should not be understated. The goal would realistically be for the medium to long term and will require significant ongoing resources. The NTC has set the foundations for long lasting reform in specific transport areas. However, due to a lack of resources it has been unable to drive the necessary reform, particularly in relation to public passenger transport. The size and scope of the plan necessitates ongoing funding and it is essential that Federal Government funding of urban transport infrastructure through the Infrastructure Australia process and budget processes be linked with the long term goals of the National Transport Plan. This would be in addition to other mechanisms discussed further in *section e*.

If the NTC were given further resources and funding it would enable the organisation to focus on the critical challenges in the passenger transport sector. This is fundamental to restructuring Australia's state based transport systems into a national network bounded by the national goals of the economy, the environment and social equity and inclusion.

Recommendation: The Federal Government should provide the necessary ongoing funding to the NTC to ensure the National Transport Plan addresses key issues faced within the public passenger transport sector.

Delivering Infrastructure - Public Private Partnerships

With increasing pressure on State and Federal budgets, the importance of private sector investment is critical to ensure projects come to fruition. Not only do PPPs provide an option for infrastructure delivery while shielding taxpayers from financial risks, research undertaken by the Allen Consulting Group for Infrastructure Partnerships Australia found that PPPs resulted in superior results in respect of cost over-runs, time delays, and transparency:

“Our overall conclusion is that PPPs provide superior performance in both the cost and time dimensions, and that the PPP advantage increases (in absolute terms) with the size and complexity of projects....In contrast to commonly held perceptions about the relative transparency of PPPs, we found that PPP projects were far more transparent than Traditional projects, as measured by the availability of public data for this study.”²⁷

Despite the overwhelming benefits of PPPs, Australia has suffered from a lack of consistency with tendering and contracting processes across jurisdictions. PPPs have been undertaken on an ad hoc basis, by multiple tiers of Government, each with their individual regulations and requirements. In an environment of economic uncertainty, the need for national consistency in attracting the companies with the right skills has never been greater.

The Federal Government has taken a step in the right direction through the endorsement of the National Public Private Partnership Policy and Guidelines by the Council of Australia Governments (COAG) on 29 November 2008. This represents a fundamental shift in the way PPPs are undertaken in Australia by providing the foundations for a national approach.

More work still needs to be done to improve PPPs in this process, particularly in relation to transparency, accountability and areas of jurisdictional discretion - such as the termination of agreements. There is also yet to be agreement on the Draft Commercial Principles for Economic Infrastructure. While a “one-size-fits-all-approach” should not be the aim of the exercise, some discretion will always be necessary, a national approach will provide clarity to both Governments and the private sector.

Recommendation: The Federal Government should continue the development of a transparent, national approach to Public Private Partnerships.

²⁷ The Allen Consulting Group, *Performance of PPPs and Traditional Procurement in Australia*, November 2007, p32.

e. The role of the Commonwealth Government legislation, taxation, subsidies, policies and other mechanisms that either discourage or encourage public passenger transport

Federal Government policies have made, and continue to make, a significant contribution to the problems of car dependency, urban congestion and transport-related greenhouse gas emissions in Australia. Government policies, such as FBT incentives for private vehicle use, actively encourage vehicle emissions. These problems are well documented, including in the Sustainable Cities report.²⁸

TTF argues that despite the Federal Government's stated policy objectives in regard to public transport and environmental sustainability, the development of the public transport sector has been hindered by a systemic bias in Federal Government programs. This bias is underpinned by three key policy elements:

- Taxation policy;
- Government infrastructure investment; and
- Climate change policy.

Taxation Policy

The tax system provides a mechanism for the Federal Government to influence commuter demand by providing financial incentives and disincentives for certain types of travel behaviour. The tax system contributes to the problems of traffic congestion and greenhouse gas emissions by providing incentives for people to drive private vehicles rather than use public transport. This is most clearly seen in the provisions of the Federal Fringe Benefits Tax (FBT) regime.

A 2006 study by Ernst and Young, commissioned by the NSW Government, found:

"a bias exists within the tax system, specifically within the FBT regime, which favours private over public transport" and that "this 'FBT bias' may encourage commuters to drive rather than use public transport".²⁹

Under the current tax structure, individuals who own a car and drive to work are better off than those who own a car yet take public transport to work, once all on-road costs are considered.³⁰ In addition, an individual who decides to salary package that car and drive to work is even better off. FBT for salary packaged cars is influenced by the number of kilometres driven, so an individual's take-home income is maximised the more that individual drives.

Support for amending the FBT regime has been widespread. The NSW State Government, the International Association of Public Transport (UITP) and the Council of Capital Cities Lord Mayors have all made strong public statements calling for reform. The Sustainable Cities report also dealt with the issue of FBT in some detail. According to the report:

[t]he committee is concerned that some Australian Government policies may be having the unintended outcome of encouraging car usage (through FBT concessions) and the purchase of less fuel efficient vehicles (through four wheel drive import concessions).³¹

The committee made the following recommendation:

The committee recommends that the Australian Government review the current FBT concessions for car use with a view to removing incentives for greater car use and extending incentives to other modes of transport.³²

²⁸ Standing Committee on Environment and Heritage, *Sustainable Cities*, 2005, p52.

²⁹ Ernst and Young (2006) *NSW Ministry of Transport: Tax Incentives for Public Transport Users*, p7.

³⁰ *ibid*, p28-29

³¹ Standing Committee on Environment and Heritage, *Sustainable Cities*, 2005, p74.

³² *ibid*, p77.

The application of the statutory formula to car fringe benefits cost the Federal Government approximately \$1.5 billion in 2006-07 and is one of the largest Government tax expenditures.³³ Considering the rising costs of urban congestion, and urgent need to reduce greenhouse gas emissions, it is recommended that FBT be reviewed.

Recommendation: The tax system must be amended to end horizontal inequity between private and public transport. Options for reform include:

- An equal FBT concession to salary-packaged cars for public transport users; and/or
- A tax deduction for the cost of public transport on an individual's income; and/or
- A tax rebate for an individual's public transport costs.

Government Infrastructure Investment

TTF has campaigned strongly for a return to Federal investment in public transport infrastructure, and has been a vocal supporter of the current Federal Government's Building Australia Fund, and the establishment of Infrastructure Australia and the Major Cities Unit. Recognising the significant cost burden and the negative impact of long term underinvestment in major transport infrastructure projects, the Federal Government is providing the necessary funding injection required for State and Local Governments to kick-start critical projects.

Nevertheless, there is considerable scope for the Federal Government to unlock new sources of funding for public transport infrastructure. The AusLink program could provide the means to ensure long term ongoing investment in critical passenger transport projects. TTF acknowledges the vital role that AusLink has in achieving better national land transport planning, funding and investment decisions. While currently focused solely on road and rail freight infrastructure, widening the scope of the program to include public passenger transport is not outside its stated objectives:

"..to ensure a strong and transparent focus for future national land transport investment. AusLink promotes sustainable national and regional economic growth, development and connectivity by contributing to the development of an integrated National Network which:

1. *Improves national and inter-regional connectivity for people, communities, regions and industry.*
2. *Improves national, inter-regional and international logistics and trade.*
3. *Enhances health, safety and security.*
4. *Is consistent with the obligation to current and future generations to sustain the environment.*
5. *Is consistent with viable, long-term economic and social outcomes.*
6. *Is linked effectively to the broader transport network."*³⁴

The Sustainable Cities report highlighted the need for a new approach to Federal Government investment in passenger urban rail infrastructure, with specific reference being made to the limitations of AusLink and the Roads to Recovery program.³⁵ The report also found there was a case for direct Federal involvement in urban rail projects, recommending that:

*"The Australian Government significantly boost its funding commitment for public transport systems, particularly light and heavy rail, in the major cities."*³⁶

Overcoming the current urban transport infrastructure deficit, particularly in the rail sector, will take many years. The establishment of the Building Australia Fund will not be enough to

³³ Treasury, *Architecture of Australia's tax and transfer system*, August 2008 p33

³⁴ AusLink website, sighted at http://www.auslink.gov.au/whatis/obj_and_key_features.aspx, 16 January 2009

³⁵ Standing Committee on Environment and Heritage, *Sustainable Cities*, 2005, p62.

³⁶ *Ibid*, p70.

address the need for investment in this sector, particularly given the many competing and equally valid demands for funding from other sectors. For this reason, other funding mechanisms for Federal funding must be unlocked.

Despite achieving an improved pattern of sustainable growth in Australian cities, sustainable urban transport has not been a funding priority for the Commonwealth Government under AusLink. Instead, responsibility for efficient, safe and environmentally responsible transport infrastructure and services in urban areas has been given to state, territory and local governments and the private sector.

TTF argues that the scope of the AusLink program should be expanded to include funding of public passenger transport infrastructure projects of national significance, allowing the program to better meet its overall objectives. Grade separation, for example, will have major benefits across Australia's urban transport networks for both passenger and freight movements, on both roads and rail. TTF further supports the AusLink's projects being '*subject to independent sustainability assessment – the triple bottom line assessment*'³⁷.

Recommendation: The AusLink program be expanded to include funding for urban passenger transport projects, including heavy and light rail infrastructure.

Climate Change Policy

Although the issue of emissions trading legislation emerged subsequent to the release of the *Sustainable Cities* report, the construction of the Federal Government's Carbon Pollution Reduction Scheme (CPRS) is a perfect example of some of the points raised in the report. *Sustainable Cities* noted evidence regarding 'counter-incentives', which encourage people to behave in ways that contradict stated government policy objectives, and send 'mixed messages' to the community.³⁸

While the Federal Government should be commended for undertaking the task of establishing a carbon trading system, TTF is extremely concerned the CPRS will increase the level of transport-related carbon pollution, rather than reduce it. Specifically, the CPRS will send 'mixed messages' by providing concessions that distort the transport market place and influence commuter choices.

A key feature of the proposed scheme is the provision of offsets to private road transport (to be reviewed after three years) and road freight (to be reviewed after one year). These offsets shield road users in the short term and beyond from any additional fuel price increases resulting from the scheme. No corresponding offset is proposed for costs on public transport or rail freight operations. This is despite the *Carbon Pollution Reduction Scheme Green Paper* identifying that sustained price increases lead to reductions in car fuel consumption.³⁹

The table below shows the level of carbon emissions from different types of transport modes between 1990 and 2005.⁴⁰

³⁷ Brideson, L Conservation Council of Western Australia cited in *Sustainable Cities* report: Transport House of Representatives Environment Committee September 2005

³⁸ Standing Committee on Environment and Heritage, *Sustainable Cities*, 2005, p24.

³⁹ Department of Climate Change, *Carbon Pollution Reduction Scheme: Green paper*, July 2008, p101

⁴⁰ Department of Climate Change, *Transport Sector Greenhouse Gas Emissions Projections 2007*, p3.

Emissions from Transport sector, 1990-2005 (Mt CO₂-e)

| | 1990 | 1995 | 2000 | 2005 |
|---------------------------|-------------|-------------|-------------|-------------|
| Cars | 35.2 | 37.7 | 41.3 | 44.0 |
| Light Commercial Vehicles | 7.5 | 8.4 | 9.5 | 11.1 |
| Trucks and Buses | 11.3 | 12.5 | 15.0 | 15.7 |
| Motorcycles | 0.2 | 0.2 | 0.2 | 0.2 |
| TOTAL ROAD | 54.3 | 58.9 | 65.9 | 71.1 |
| Domestic Aviation | 2.9 | 4.9 | 5.0 | 5.1 |
| Domestic Shipping | 3.0 | 2.8 | 2.4 | 2.4 |
| Rail | 1.7 | 1.6 | 1.6 | 2.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL TRANSPORT | 62.1 | 68.2 | 74.9 | 80.8 |

In 2005, road transport accounted for 88 per cent of total transport emissions, with 62 per cent of this amount from passenger cars.⁴¹ If Australia is to reduce transport-related greenhouse gas emissions, it is essential that more of the transport task is taken up by less polluting modes, such as public transport, rail freight, cycling and walking. Similarly, more sustainable practices such as car-sharing should be encouraged.

The construction of the scheme fails to recognise public transport and rail freight as key carbon reduction operations, and hence provides a 'counter-incentive' that acts in direct contradiction to the goal of carbon pollution reduction.

Recommendation: The Federal Government's proposed Carbon Pollution Reduction Scheme be amended to provide a 'level playing field' for passenger transport.

⁴¹ Ibid, p17

f. Best practice international examples of public passenger transport services and infrastructure

There are numerous international examples of the effective coordination of transport networks and best practice for investment in transport infrastructure. Following are just two that are worthy of mention. Notwithstanding their successes, the inquiry should note that these are not automatically transferable to Australia.

United Kingdom, Department for Transport

Following a review of transport systems in the United Kingdom by Sir Rod Eddington in 2006, the Department for Transport in the United Kingdom undertook a restructure to better align it with the challenges faced by transport operators. The Department recognised that transport consisted of a series of multi-modal systems operating at the local, national, and international level – each dependent on the other to facilitate economic prosperity and social well being.

With the focus on improving, performance, reliability and the capacity of existing infrastructure, the Department established a Director-General for International Networks; National Networks; and Urban, Local, and Regional Networks. Under these pillars the Department developed a new way to define and assess the existing problems within the transport system.⁴² No longer were airports viewed independently of rail services, but both were seen as equally important to the total journey.

This example shows the variety of ways Government bodies can address the same transport task. It highlights the need for a better co-ordinated, integrated approach to planning and decision making, by recognising all modes operate together in local, national and international networks.

Dublin Light Rail

The Luas light rail system in Dublin, Ireland provides an excellent example of effective transport infrastructure investment. Worth €675 million, the project faced the challenge of constructing a new state of the art light rail system through an ancient city environment. The system runs through a range of residential, retail and industrial centres on both narrow streets and separate tracks. Exceptional design and construction enabled the line to run through St James Hospital using the latest low noise vibration track to ensure minimal disturbance to hospital operations. With approximately 23 kilometres in track, over two lines, consisting of 36 stops and a total of 40 vehicles, the system has proved a great success for the city of Dublin. In 2005, the first full year of operation, the system recorded 22 million trips. Just four years later patronage has increased by a further 25 per cent, with 27.4 million trips in 2008.⁴³ Unsurprisingly, there are now further expansion plans underway.

The Luas system shows not only the ability of the private sector to deliver new efficient transport systems in existing urban centres, but also stands out as an example of how public transport investment can change entrenched patterns of commuter behaviour.

⁴² UK Department for Transport, *Developing ports and airports in the 21st Century: Innovations following the UK Eddington Report*, presentation by John Faulkner, (Head of International Networks, UK Department for Transport) in Sydney on 25 August 2008.

⁴³ Luas website, sighted 16 February 2009 at <http://www.luas.ie/fags.php>

Conclusion

With Australia facing an international financial crisis in a new carbon-constrained world, it is imperative our transport networks are able to meet new demands and pressures, while facilitating economic activity in urban centres.

For TTF, an efficient public passenger transport network is the driving force of a robust economy, active society and healthy environment. More direct investment is required in our public passenger transport systems by all tiers of Government. Moreover, Federal Government mechanisms should facilitate patronage growth and provide incentives for innovation and investment.

There are a number of policy areas that require further attention by the Federal Government to facilitate an expanded, reliable, and efficient national transport network. TTF encourages the inquiry to refer to TTF's major transport policy paper the *Australian Transport Compact* which outlines a comprehensive series of national transport reforms and major infrastructure projects that should be at the heart of Australia's national transport policy agenda. In addition TTF recommends:

- The Federal Government should provide long term funding assistance for key capacity-building public transport infrastructure projects in major urban centres;
- Stronger links should be developed between Federal funding for infrastructure projects and the delivery of transport policy reforms and service improvements;
- The Federal Government should provide the necessary ongoing funding to the NTC to ensure the National Transport Plan addresses key issues faced within the public passenger transport sector.
- The Federal Government should continue the development of a transparent, national approach to Public Private Partnerships;
- The Federal Government should amend Fringe Benefit Tax legislation to end horizontal inequity between private and public transport;
- The AusLink program should be expanded to include funding for urban passenger transport projects, including heavy and light rail infrastructure; and
- The Federal Government should provide a level playing field for public transport and rail freight in the Carbon Pollution Reduction Scheme (CPRS).



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CONTENTS

EXECUTIVE SUMMARY

Tourism & Transport Forum (TTF) calls on the Federal, State and Territory Governments to make a compact on the future direction of transport in Australia. The compact should outline the roles and responsibilities of each tier of Government, and specify key actions that must be delivered. Agreement on the objectives of the compact should be a precondition to the delivery of funding for key transport infrastructure projects under the Federal Government's Building Australia Fund.

The compact would require:

- State and Territory Governments to pursue a series of infrastructure developments, service improvements and regulatory reforms;
- All Governments to agree on a set of national transport reforms, and a timetable for their implementation; and
- The Federal Government to commit to a number of key capacity-building public transport projects in major urban centres.



Key national reform measures should include:

- A coordinated national plan to address urban congestion;
- A national plan for the transition of the transport industry to the low-carbon economy;
- Measures to ensure the timely approval of important infrastructure projects;
- A national pipeline of infrastructure projects;
- More university places in transport-related degrees;
- A National Road Safety Council;
- A National Rail Safety Regulator;
- A single national vehicle registration system;
- A single national driving licence system;
- A national review of the taxi industry; and
- A review of taxes on transport such as the FBT exemption for salary packaged cars.

Public transport infrastructure projects of national significance (to receive funding from the Building Australia fund) should include:

- The planned Sydney Metro network;
- The proposed Melbourne CBD rail tunnel;
- A second rail crossing of the Brisbane River;
- Electrification of the Adelaide metropolitan rail network; and
- More rolling stock for the Perth metropolitan rail network.

INTRODUCTION

Australia has a once-in-a-generation opportunity to achieve a national consensus on transport policy. With unprecedented community demand for investment in transport infrastructure, Australia's political leaders have no excuses for failing to deliver a strong program of transport investment and reform.

The need for such a program is strong. Our transport networks are facing significant challenges on a number of fronts. These challenges include:

- Increasing urban congestion, costing the national economy around \$12 billion a year and impacting on the liveability of our cities;
- Rising petrol prices, placing pressure on family budgets;
- Overcrowding on public transport services, especially during peak hours; and
- The need to move to a low-carbon economy and reduce transport-related greenhouse gas emissions.

To overcome these challenges, the industry needs to be guided by a long-term plan, based on a national consensus on the way to move forward. The time has come for national cooperation, and the development of a genuine national vision for the transport sector.

In this paper, TTF recommends a series of infrastructure investments, service improvements and regulatory reforms to be undertaken across all jurisdictions. Given the Federal Government's commitment to engaging on urban issues, and to investing in transport infrastructure, TTF puts forward these suggestions as the basis of a **Transport Compact** between the Federal Government and the States and Territories.

In essence, this paper is our view of a future partnership between the two tiers of government to deliver on nationally agreed transport objectives.

TTF realises that momentum is already building for such an agreement. The Australian Transport Council (ATC) has agreed on a process for developing a National Transport Strategy - based on the objectives and principles set out in the National Transport Policy Framework prepared by the National Transport Commission (NTC). The Australasian Railways Association (ARA) also released a National Passenger Transport Agenda in 2006, setting out a comprehensive framework for the revitalisation of urban public transport in Australia. TTF wishes to add its voice to this list - presenting a way forward that is consistent with the themes and key principles identified by both NTC and ARA.

THE TIME HAS COME FOR NATIONAL COOPERATION, AND THE DEVELOPMENT OF A GENUINE NATIONAL VISION FOR THE TRANSPORT SECTOR.

TTF proposes this transport compact as an input into several government processes - including the development of the National Transport Strategy, the national Infrastructure Audit being undertaken by Infrastructure Australia and the National Tourism Strategy, currently in development.

TTF is a national member-funded forum advocating the public policy interest of the 200 most prestigious corporations and institutions in Australia's transport, investment and tourism sectors.

TRANSPORT IN AUSTRALIA

There is a significant infrastructure backlog in Australia. Queues of ships stretch out to sea from our ports, freight movements are hindered by bottlenecks, traffic congestion is strangling our cities, and passenger transport networks are reaching capacity. The future economic prosperity of the nation depends on the ability of governments and business to take up this challenge and provide the necessary infrastructure to cater for long term trends in population growth.

Global cities require integrated transport systems. While Australian cities are making progress, they are finding it difficult to break the habit of decades of car dependence. In 1998, David Hensher noted that:

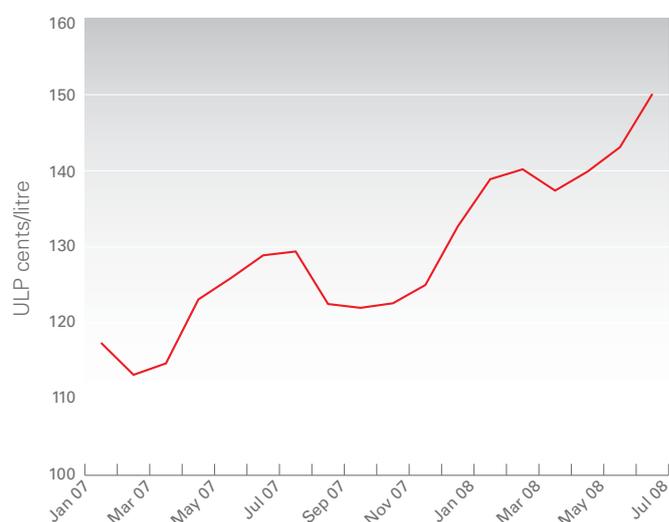
the demand for car ownership and use is almost insatiable. Planners and politicians struggle to find 'solutions' to the imbalance between the modes; seeking ways of repositioning public transport so that the use of the car is reduced in urban environments where it is performing least effectively.¹

The global oil crisis and the impact of climate change are creating a dramatic change in the mindset of commuters. Demand for public transport has never been greater, but long periods of underinvestment mean our ageing infrastructure is struggling to cope with it. Some capacity constraints on public transport have become so bad as to force operators to stop encouraging commuters to travel on their services.

Australia must prepare for a significant shift in the way people move in and around our cities. Far greater focus on public transport must be given than in the past. Increased investment in public transport infrastructure and service improvements are desperately needed.

There will remain an undeniable need for road upgrades. Apart from the necessity of an efficient road network for trucks and private vehicles, road

MONTHLY AVERAGE CENTS PER LITRE
ULP SINCE 2007, SYDNEY



infrastructure also carries buses and trams. It is time to move beyond the public transport versus roads debate.

The most pressing issue for public transport is the need to address **capacity** constraints on urban networks. Transport services around the nation are experiencing unprecedented patronage growth - and there is no sign this will slow. Extra capacity can be created on urban transport networks through a combination of rolling stock or vehicle procurement and essential infrastructure upgrades. New public transport systems which alleviate capacity on other networks, such as Metro systems, must also be prioritised.

The notion that our cities cannot 'build their way out of congestion' is a half-truth - while we certainly need to examine ways to make our existing transport networks more efficient and effective, there is an irrefutable need for additional integrated transport infrastructure. Building alone will not solve Australia's congestion, but we cannot afford to continue to under-invest in transport infrastructure.

¹ Hensher, D. (1998) The imbalance between car and public transport use in urban Australia: why does it exist?, Transport Policy, 5: 193-204pp.

Cooperative Federalism in Transport

The Federal Government has indicated that it will play a role in developing urban transport infrastructure. With the establishment of Infrastructure Australia and the undertaking of an Infrastructure Audit, the Government will prioritise projects and ensure best practice in their delivery. The introduction of such statutory provisions will streamline transport infrastructure ensuring Australia acts quickly to catch up on its infrastructure backlog and sets the wheels in motion for solutions to our future infrastructure demands.

In conjunction, the National Transport Commission (NTC) has embarked on a challenging policy reform program that seeks to bring national uniformity to transport in Australia and contribute to the urban congestion solution. By creating a number of working groups chaired by the State Governments, the important issues constraining transport in Australia will receive focus from all Governments.

This new era of a Federal Government engaging in urban transport holds much promise for infrastructure, however there are important reforms which must be made by state governments to maximise this new era of investment.

TRANSPORT PRIORITIES STATE BY STATE

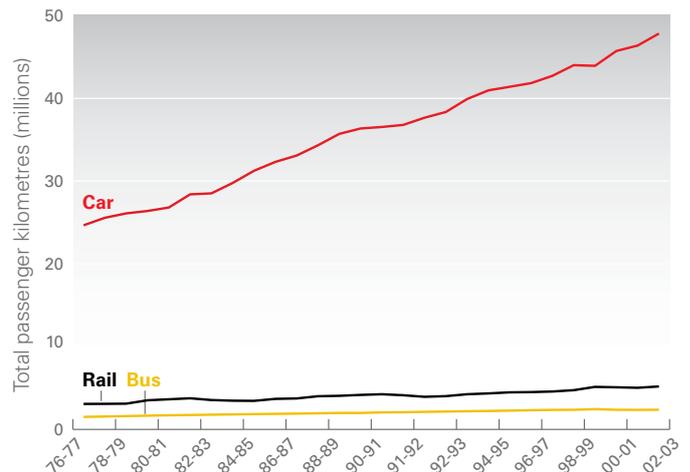
New South Wales

NSW faces the greatest challenges of all the states and territories to improving its transport infrastructure and services. Sydney has Australia's largest public transport system, a completed orbital ring road, and the greatest mode share of commuters on public transport in the country. Unfortunately, NSW is also home to the Pacific Highway, the nation's deadliest road²: it has the highest level of urban congestion and has suffered

from a long-term lack of investment in public transport infrastructure and services.

Like most of Australia, NSW has a history of car dependence. The post-war suburban sprawl of our cities was not matched with equivalent public transport development, and large swathes of land in the west, northwest and south are now either poorly serviced, or not serviced, by public transport.

TOTAL PASSENGER KILOMETRES IN SYDNEY - CAR, RAIL AND BUS



With the population of Sydney set to grow to 5.3 million in the next 25 years, infrastructure development is needed urgently. A new Metro system, greater on-road priority for buses, and an expansion of the light rail network are essential to meet the burgeoning demand for public transport. Increased road congestion is also the result of a lack of commitment and investment in solutions to bottlenecks along the Spit Bridge corridor, the M5, Victoria Road, and the M4, and in the provision of new roads such as the extension of the F6, F3-Sydney Orbital link and M4 East link.

The M4 East project must be given high priority to cater for projected freight movements from Port Botany and increased traffic flows from Sydney airport. The number of container unit movements at Port Botany is expected to double to 3 million by 2021, and traffic out of Sydney Airport is projected to almost triple from 2002 levels to 68 million passenger movements by 2024. With the M4 East link stalled at the planning phase, real commitment is required to kick-start construction of the vital link before the traffic problem escalates further.

² <http://www.news.com.au/dailytelegraph/story/0,22049,22494318-5006009,00.html>

With the widening of the M2 now on the NSW Government's agenda, the critical link from the M2 to the F3 may be one step closer to reality. This vital connection will complete the Sydney Orbital network, taking trucks and cars off Pennant Hills Road and the Pacific Highway - roads that reached capacity long ago.

While TTF supports the latest investment by the State Government for travel demand measures along the Spit Bridge and Military Road corridors, more road infrastructure is urgently needed to ease traffic congestion along the corridor. TTF strongly recommends consideration of a toll road tunnel from the Spit to the Warringah Expressway at Cammeray. This would provide traffic relief on Military Road and allow faster public transport links by bypassing congested intersections.

Travel demand measures would also ease local traffic congestion. For example, better utilisation of road clearways in peak and off-peak periods would aid the growing traffic problem occurring beyond normally considered peak hours. In addition, the Government should work with the private sector to implement a fairer and standardised system of road tolling in Sydney.

For public transport, more trains are essential to cater for increasing demand. Patronage numbers have reached levels never seen before. With overcrowding at peak periods now at 16 per cent³, investment in new rolling stock is critical to the ongoing viability of services. The current program of 626 new carriages to be delivered over the next five years will, to a degree, address this issue. However, 80 per cent of this new rolling stock involves replacement of non-air-conditioned carriages, so more investment is needed to cater for future growth.

Improvements to the existing rail network are urgently required to ensure capacity measures are maximised. The NSW Government's rail clearways program is making progress, along with important upgrades to signaling and safety, such as the automatic train protection program. Commitments to new infrastructure cannot come at the expense of these vital programs.

Planned infrastructure projects, such as the North West Metro, will cater for growth in patronage along the north west and inner west corridors.

Consideration should be given to inclusion of an extension to the existing Richmond line in the project plans. This will enable commuters to connect with the existing rail network in the north-west and ensure the Metro system is not a stand-alone operation, but an integrated one. In addition, the expansion of the Metro system into other transport corridors must be a priority. Metro lines to Sydney's West (Parramatta), South East (Malabar), and North (Dee Why or Chatswood) are critical for expected demand growth for public transport along these corridors and to relieve traffic congestion. The North Metro particularly would solve the relative public transport void in Sydney's Northern beaches where buses are the only option for commuters and services to the city compete with passenger cars along the Spit Bridge.

The State Government should also examine the feasibility of a high speed rail link to Penrith to provide the necessary transport infrastructure for future population growth.

Another crucial step in enhancing the NSW transport network is the integration of transport planning and services. This will require a significant shift in the thinking and attitudes of decision-makers and the public. Critical to this is the rationalisation of Sydney's complex fare structure, an essential first step towards the implementation of a new integrated smartcard ticketing system. At present, public transport operators not only compete with each other, but also compete with themselves. Bus operators, for instance, charge commuters each time they use a service, forcing commuters to choose one service over another, discouraging the utilisation of the entire network of services to get from A to B. Reducing the number of ticket products and switching to a uniform pricing system will be the necessary foundations for a shift in the way Sydneysiders utilise services. A dedicated transport marketing and customer service body, similar to Metlink in Melbourne, should also be established. The development of associated infrastructure, such as "Park and Ride" facilities, would also encourage commuters to take advantage of the public transport network.

Sydney's ferry services are underperforming and need revitalisation. The Special Commission of Inquiry into Sydney Ferries, conducted by Mr Bret

³ NSW Auditor General, Auditor-General's Report to Parliament 2007 Volume Four, p123

Walker SC, recommended that ferry services should be franchised to the private sector under a service contract, with the vessels to be replaced by a new and rationalised fleet. The Walker Inquiry also recommended that the selected contractor *'manages the design, build and delivery of the project for the new vessels'*.⁴ Commitment to follow through with these recommendations will be essential to the future viability of ferry services on the world's most spectacular natural harbour.

Extensions of the light rail network would provide more options for commuters in Sydney's inner ring suburbs. Linking the existing network to Barangaroo and Circular Quay in the city, and to Summer Hill in the inner west, would attract new commuters and take pressure off other transport operations. Further extensions to Bondi (via Oxford Street), Rozelle and Green Square should also be considered in the future.

For regional and rural areas, the upgrade of the CountryLink fleet is imperative to attracting commuters back to inland rail. Patronage on CountryLink services has been in steady decline over the past 10 years. A combination of lack of investment, increasing costs, and an increase in

regional aviation movements has seen passenger rail become less attractive for intrastate and interstate travel. The current upgrade of the CountryLink fleet should be fast-tracked and a new innovative marketing strategy should be employed to improve reliability and provide a much needed boost to the image of regional train services.

Upgrading the Pacific Highway to dual-carriageway has long been on the agenda of both the Federal and State Governments, however a lack of resources has resulted in countless delays. Vehicle movement along the highway is expected to continue growing annually by 3 per cent. Completion of the project is essential for the safety of motorists and the movement of freight between the major centres along the eastern seaboard.

With the emerging emissions trading scheme (ETS), new technology will be crucial to reducing the economic impact of an ETS on operators and ultimately commuters. Initiatives such as the purchase of Euro-5 diesel and CNG buses is an important step, however consideration of powering other transport operations from low-emission or zero-emission energy sources should be investigated.

TRANSPORT PRIORITIES FOR NEW SOUTH WALES

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|---|------------------------------------|--|--------------------------|----------------|--|
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | North West Metro (SydneyLink) | Finalise planning and construct the North West Metro from St James to Rouse Hill. Consider an extension to the Richmond line. | Committed / TTF proposal | \$12 billion | Federal Government / State Government / Private Sector |
| 2 | M4 East (SydneyLink) | Design and build the M4 East, investigating solutions to ease port bottlenecks and congestion on Victoria Road. | Proposed | \$10 billion | Federal Government / State Government / Private Sector |
| 3 | Duplication of the Pacific Highway | The Pacific Highway, as one of Australia's most dangerous roads, requires the continued funding support of the New South Wales Government (and the Federal Government) to expedite its full duplication. | Planned | \$8 billion | State & Federal Governments |
| 4 | Rail Clearways | Complete the Rail Clearways program. | Construction underway | \$1.8 billion | State Government |

continued next page

⁴ Walker, B (2007) *Report of the Special Commission of Inquiry into Sydney Ferries Services*, pg. 329.

TRANSPORT PRIORITIES FOR NEW SOUTH WALES

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|------------|-------------------------------|---|--------------------|----------------|--|
| 5 | More Trains | Commit to a program of procuring and delivering more rolling stock for the CityRail network, over and above the current Reliance Rail contract. | TTF Proposal | Not costed | State Government / Private Sector |
| 6 | South West Rail Link | Construct the 13km line between Glenfield and Leppington, with associated "Park and Ride" developments, and then extend the line to Bringelly. | Planned | \$1.4 billion | State Government |
| 7 | Victoria Road Upgrade | Implement a tidal flow system on Victoria Road and duplicate the Iron Cove Bridge to provide for better bus priority. | Committed | \$150 million | State Government |
| 8 | Purchase New Ferries | The Government should commit to a total fleet replacement and rationalisation program for Sydney Ferries. It is essential that the franchising of services occurs first so that the operator can be involved in the vessel specification and procurement process. | TTF proposal | \$400 million | State Government / Private Sector |
| 9 | Increased "Park and Ride" | Key "Park and Ride" projects (for both train and bus) should be progressed urgently to cater for the increasing demand for public transport in the outer suburbs. | TTF proposal | Not costed | State Government / Private Sector |
| 10 | Extend Light Rail | Plan and deliver extensions of Sydney's existing light rail network through Barangaroo to Circular Quay and to Summer Hill, with further extensions possible. Sydney's light rail should also be subsidised by the Government to ensure pensioners and concessions receive discounts. | TTF proposal | Not costed | State Government / Private Sector |
| 11 | West Metro (SydneyLink) | Expedite planning for the West Metro to Parramatta to alleviate capacity on the existing Cityrail line and the M4. | Proposed | \$9 billion | State & Federal Governments / Private Sector |
| 12 | South East Metro (SydneyLink) | Continue planning for a Metro from St James to Malabar, with construction to commence immediately following the North West Metro. | Proposed | \$7 billion | State & Federal Governments / Private Sector |
| 13 | Northern Metros (SydneyLink) | Investigate options to continue the West Metro under the harbour and link to Dee Why via Military Rd. | Proposed | \$7 billion | State & Federal Governments / Private Sector |
| 14 | F3 – Sydney Orbital | Plan and deliver the F3–Sydney Orbital road in line with the recommendations of the Pearlman Review. | Proposed | \$2 billion | State Government / Private Sector |
| 15 | F6 Corridor | Design and build the extension of the F6 to cut travel times between Sydney and Wollongong. | Proposed | Not costed | State Government / Private Sector |

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TRANSPORT PRIORITIES FOR NEW SOUTH WALES

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|------------|----------------------------------|---|--------------------|----------------|--|
| 16 | Spit Road / Military Road Tunnel | The Government should examine the feasibility of a road tunnel from the Spit to the Waringah Freeway at Cammeray. | TTF Proposal | Not costed | State Government / Private Sector |
| 17 | Central Coast Rail upgrades | Significantly upgrade the rail lines north of Sydney to improve passenger travel times to and from the Central Coast. | TTF proposal | Not costed | State Government |
| 18 | Penrith High Speed Rail | Feasibility of a high speed rail link to Penrith should be examined. | TTF Proposal | Not costed | Federal Government / State Government / Private Sector |

BETTER TRANSPORT SERVICES

| | | | | | |
|---|--|---|------------------------|--------------------------|-----------------------------------|
| 1 | Smartcard Ticketing | After undertaking fare reform, develop and implement an integrated electronic ticket for all public transport using new technology. | Planned / TTF proposal | Not costed | State Government / Private Sector |
| 2 | Public Transport Frequencies | Improve service frequencies for trains, buses and ferries. People are more likely to choose public transport when they know that services are frequent and reliable. | TTF proposal | Not costed | State Government / Private Sector |
| 3 | Franchising Sydney Ferries' operations | Following the recommendations of the Walker Inquiry, the operations and maintenance of Sydney Ferries should be contracted to a proven private operator under a strong franchise agreement. | TTF proposal | N/A | State Government / Private Sector |
| 4 | Bus Priority | Instigate measures to increase bus priority across Sydney, such as removal of on-street parking and more bus lanes. | TTF proposal | Not costed | State Government |
| 5 | Reinvigorate CountryLink | Upgrades of the existing Endeavour fleet should be fast-tracked and a new innovative marketing strategy should be employed. | Planned / TTF proposal | \$7 million / Not costed | State Government |

REGULATORY REFORM

| | | | | | |
|---|----------------------------------|---|--------------|-----------------|------------------|
| 1 | Transport Coordination Authority | Formation of a dedicated marketing and customer service body, potentially within the Ministry, with a legislative head to have greater authority over ticketing, fares, and transport service integration and planning. | Planned | Not costed | State Government |
| 2 | Fares rationalisation | Commit to a program of public transport fares rationalisation to expedite the implementation of an electronic integrated ticketing system. Direct IPART to investigate the best model forward. | TTF proposal | Revenue neutral | State Government |

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TRANSPORT PRIORITIES FOR NEW SOUTH WALES

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY |
|------------|---------------------------------|--------------|--------------------|-----------------------------------|
| 3 | Transit Oriented Development | TTF Proposal | Not costed | State Government |
| 4 | Off-peak public transport | TTF proposal | Not costed | State Government |
| 5 | Expanded Clearways | TTF Proposal | Not costed | State Government |
| 6 | Rationalise road tolls | TTF proposal | Revenue neutral | State Government / Private Sector |
| 7 | Emissions-free public transport | TTF proposal | Not costed | State Government / Private Sector |

Victoria

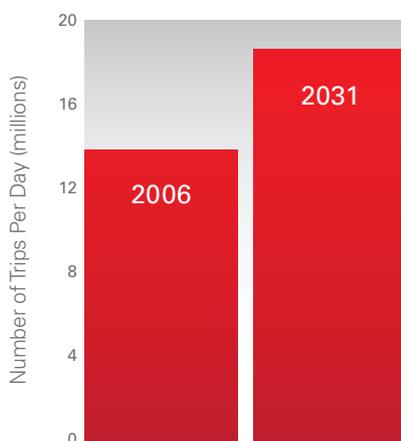
Victoria's steady economic and population growth has created fresh challenges for mobility in the state. Urban congestion is a major concern for Melbourne residents, and the public transport

system is already stretched at peak periods. Over the past three years, the demand for train travel has grown by more than 30 per cent, and this growth shows little sign of abating⁵.

Victoria has been the national leader in private sector involvement in public transport following the privatisation of Melbourne's rail and tram services in 1999. These systems are now operated under a successful partnership arrangement between the state and the franchisees. Victoria has also demonstrated the benefits of integrated public transport marketing and ticketing through the establishment of MetLink and the use of multi-modal, time-based tickets for all metropolitan public transport services.

The Victorian Government has also explored measures to reduce peak hour travel and encourage commuters to think about their travel behaviour. There is still a lot of room for improvement - 78 percent of Melburnians use motor vehicles on a daily basis, while only 7 percent use public transport⁶. Furthermore,

TRIP DEMAND FORECAST STUDY



SOURCE: East-West Needs Assessment report p59

5 Eddington, Rod (2008), East-West Needs Assessment Report, pg 84.

when considering the number of trips per day in Melbourne will grow by 34 per cent between 2006 and 2031, the challenge for developing the appropriate infrastructure becomes critical.

Victoria requires substantial infrastructure development to ensure the state's prosperity continues into the future. Demand for mobility in the state is growing considerably, and the need or desire to travel will soon outstrip the planned supply of transport infrastructure⁷.

Melbourne's recent East-West Link Needs Assessment (EWLNA), conducted by Sir Rod Eddington, made a number of significant recommendations (see National Transport Reform Agenda). The capacity of the metropolitan rail network must be increased as a matter of urgency, and motorists need viable alternatives to the congested Westgate Bridge. To this end, the proposed 18 kilometre cross city road connection will relieve congestion on the bridge and link the western suburbs to the Eastern Freeway, allowing motorists to bypass the city. In addition, the construction of the 17 kilometre CBD rail tunnel from Footscray to Caulfield will significantly increase the carrying capacity of the rail network - particularly for services coming from the booming western and northern suburbs.

Increased track capacity can only be fulfilled if there are enough available trains. The procurement of a further 20 six-car trains, in addition to those already on order, will be necessary to meet the projected future demand for services. Similarly, the procurement of new low-floor trams will be required to meet demand on the light rail network. A long term procurement program of buses should also be considered.

Further upgrades to the rail network to improve service reliability and cater for growth include construction of the planned rail extension to South Morang and third rail track between Dandenong and Caulfield. The electrification of tracks to Sunbury and Melton will take pressure off V/Line services and bring service improvements to suburbs on the city fringe. Terminating Werribee and Williamstown trains at Flinders Street station, rather than sending them around the loop, will also

serve to increase network capacity which is due to commence in November 2008

Upgrades of the tram and bus networks are also required. Initiatives aimed at increasing the speed of services, such as the Think Tram program, must be expanded. The use of dedicated bus lanes on selected arterial roads should also be expanded to improve bus travel times, while the planned roll-out of the orbital SmartBus network should be expedited. Demand management initiatives such as "early-bird" tickets should be continued and expanded to take pressure off peak hour services.

Safety must continue to be a major priority - and all efforts must be made to address a rise in the number of serious accidents on the public transport network.⁸ The construction of platform tram stops, for example, can dramatically improve both safety and disability access for the tram network. While upgrading level crossings is inherently expensive, the cost of not doing so may be far greater. Victoria is particularly exposed to this risk due to the high number of level crossings in the state. A long-term program of grade separating metropolitan level crossings is needed to both improve transport safety and to overcome bottlenecks.

6 *ibid*, pg 55.

7 <http://www.theage.com.au/news/opinion/rod-eddington/2008/05/28/1211654119844.html>

8 Public Transport Safety Victoria, Victorian tram safety incident statistics 2003 - 2007, sighted at <http://www.ptsv.vic.gov.au/web26/home.nsf/AllDocs/8D052ABC0AAA407ACA257336001A4E5D?OpenDocument>, 7 July 2008.

TRANSPORT PRIORITIES FOR VICTORIA

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|---|---|--|--------------------|----------------|--|
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | Melbourne Metro Rail Tunnel | Commit to building a new 17 kilometre Melbourne Metro rail tunnel linking Melbourne's burgeoning western and south-eastern suburbs. | Proposed | \$8.5 billion | State & Federal Governments / Private Sector |
| 2 | Caulfield – Dandenong Third Track Project | Commit significant funding for the Dandenong Corridor project and finalise the planning phase as soon as possible. | Planned | Not costed | State Government |
| 3 | Procure new rolling stock | Future planning should include the procurement of a further 20 six-car trains, new low-floor trams, and long-term supply agreements for new buses in order to meet projected demand for additional services. | TTF Proposal | Not costed | State Government / Private Sector |
| 4 | Grade Separations | Grade separations should be undertaken at strategic locations along the Dandenong corridor to minimise the impact of the third track project on traffic flows. | TTF Proposal | Not costed | State & Federal Governments |
| 5 | Rail Network Improvements | Significantly increase funding for capital improvements to metropolitan rail infrastructure such as new sidings and maintenance facilities. | Planned | \$400 million | State Government |
| 6 | East-West Road Tunnel | Construct a new 18 kilometre cross city road connection extending from the western suburbs to the Eastern Freeway. | Proposed | \$9 billion | State & Federal Governments / Private Sector |
| 7 | Freight / Passenger Rail Separation | Commit to an upgraded program of grade separations on the rail network, separating freight from the passenger system, to improve efficiency and increase capacity. | TTF Proposal | Not costed | State Government |
| 8 | Increased "Park and Ride" | Key "Park and Ride" projects (for both train and bus) should be progressed urgently to meet the increasing demand for public transport use by commuters in the outer suburbs. | TTF Proposal | Not costed | State Government / Private Sector |
| 9 | Tram Platform Stops | Build more platform stops for trams to improve safety and reliability | TTF Proposal | \$50 million | State Government |
| 10 | South Morang Extension | The timeline for the South Morang extension should be brought forward to enable work to start immediately following the completion of the Clifton Hill duplication. | TTF Proposal | Not costed | State Government / Private Sector |
| 11 | Electrification to Sunbury and Melton | Planning work should commence on the electrification of V/Line lines to Sunbury and Melton. | TTF Proposal | Not costed | State Government / Private Sector |

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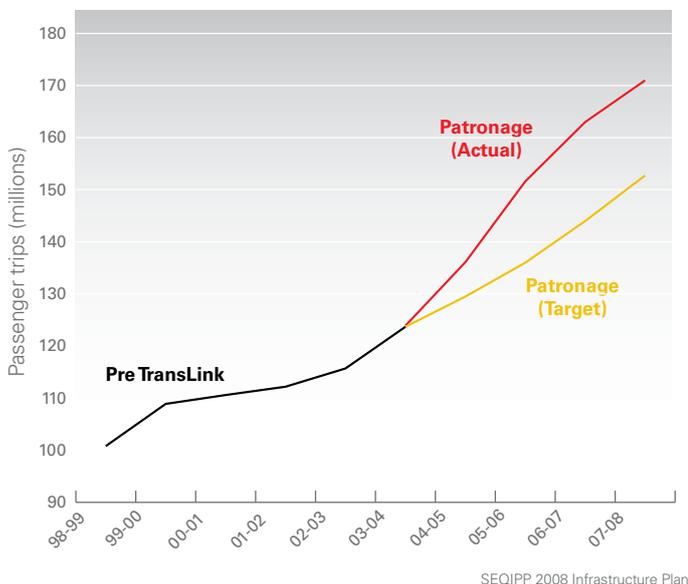
TRANSPORT PRIORITIES FOR VICTORIA

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|----------------------------------|---|--|--------------------|----------------------|--|
| BETTER TRANSPORT SERVICES | | | | | |
| 1 | Tram Clearways and Bus Lanes | Commit to a significant expansion of the Think Tram project, with a particular focus on the extension of tram clearways and traffic-light priority measures, and trial the use of dedicated bus lanes on selected arterial roads in partnership with local councils. | Committed | Not costed | State Government |
| 2 | More Trains Direct to Flinders St Station | Send all trains on the Werribee and Williamstown line direct to Flinders Street, rather than through the city loop, to maximise capacity. | Committed | Not costed | State Government |
| 3 | More SmartBus Services | The introduction of expanded services on SmartBus routes should be brought forward, with technological features to be retro-fitted over time. | Planned | Not costed | State Government |
| 4 | Transit Cities | Progress Transit City projects such as Epping, Ringwood, Sydenham and Werribee. | Planned | Not costed | State Government / Private Sector |
| 5 | TravelSmart | TTF strongly supports increased funding for the TravelSmart program, and broadening its scope to include promotion of off-peak travel. | Planned | \$5 million annually | State Government |
| 6 | Local Area Bus Reviews | The Government's local area bus reviews should be expedited, with a view to completing the bus review process within the next financial year. | TTF Proposal | N/A | State Government |
| REGULATORY REFORM | | | | | |
| 1 | Strengthen Melbourne 2030 | Revise Melbourne 2030 plan to give the State Government more authority to expedite urban densification around transport hubs. | TTF Proposal | N/A | State Government |
| 2 | Off-Peak Fares | Early bird tickets should be extended to cover all metropolitan public transport services in conjunction with the roll-out of the new ticketing system. | Proposed | Not costed | State Government / Private Sector |
| 3 | Emissions-free public transport | Look to powering public transport modes, such as rail, through 100% Green Power. | TTF Proposal | Not costed | Federal Government / State Government / Private Sector |

Queensland

South East Queensland is Australia's fastest growing region and the second fastest growing region in the world.⁹ Around 1800 people move to Queensland each week¹⁰. South East Queensland also is unhindered by natural barriers to growth, such as National Parks, and has spread to become a 200km-long city. Naturally, this unprecedented population and geographic growth presents fresh challenges for the provision of efficient and effective transport.

PUBLIC TRANSPORT PATRONAGE IN SOUTH EAST QUEENSLAND



Infrastructure in the state has traditionally been financed by the Government, however increasingly Public Private Partnerships (PPPs) and private financing options are being considered. PPP procurement is a mature financing model in Australia. So long as governments maintain a clear focus on the desired outcomes of a project, a true partnership between private sector and government can help expedite the delivery of Queensland's infrastructure needs.

Transport in Queensland is dominated by the car. Brisbane has an effective metropolitan rail system, but it is limited by capacity constraints. Queensland currently has a strong infrastructure pipeline of major projects including AirportLink, the North South Bypass Tunnel, upgrading the

Gateway Motorway, busway developments and the Gold Coast Rapid Transit Project. These projects will go a long way to encourage public transport use and reduce congestion, but there is more that needs to be done to ensure the region can cope with continued population growth.

Availability of rolling stock is a critical constraint on the rail network. While the Queensland Government has committed to the purchase of new trains, more will be required. The Government should undertake this procurement and the procurement of additional buses, ferries, and trams as a matter of urgency ensuring that all rolling stock is low emission or emission-free. Demand management measures such as TravelSmart and off-peak pricing should be expanded to further relieve pressure in peak periods.

The rail network must also be expanded to ensure public transport options are provided to growth areas. A second Brisbane River rail crossing is also required to overcome a major rail bottleneck in the CBD and on the rail network in general. While the Queensland Government has taken some preliminary steps to date, this must be fast-tracked to ensure the project commences without delay. (See National Transport Reform Agenda for further discussion of this project). The Springfield extension should be brought forward for completion in 2010 to match the current housing and commercial growth in the Western Corridor. Furthermore, the Caboolture to Maroochydore public transport corridor must be planned and built without delay with a view to completion at the latest by 2016 to cater for population growth.

The Government must immediately review barriers to the efficient operation of the rail network. Industrial relations regulations, for example, in particular have become a barrier to the improvement and expansion of the system.

The bus network also needs reform. Bus contracting arrangements must be explored immediately to bring contestability and innovation to service delivery prior to the Northern and Eastern Busways coming on line. In addition, new bus networks in Townsville, Cairns, Mackay and Wide Bay need additional funding to expand bus priority measures and increase service frequencies.

⁹ Brisbane City Council (2006) Our shared vision: Living in Brisbane 2026
¹⁰ <http://www.theaustralian.news.com.au/story/0,25197,22889360-5006786,00.html>

Regarding road infrastructure, critical major road projects must also be undertaken without delay. A second Toowoomba range crossing and the Northern Link road, linking the Western Freeway to the Inner City Bypass are essential to meeting congestion constraints. Private sector funding should be explored for these projects to reduce the burden and risk for Queensland taxpayers and expedite delivery.

Traffic congestion is increasingly becoming a serious problem on the Gold Coast. The Queensland Government's planned Gold Coast Rapid Transit project will dramatically improve local public transport services and provide an attractive transport alternative for both visitors

and residents. TTF argues that light rail should be chosen as the preferred mode for this project. (See also TTF's recent Policy Paper on the Gold Coast Rapid Transit project, available online at www.ttf.org.au)

The Queensland Government has made significant progress in the roll out of the go card, an integrated public transport ticket for South East Queensland. As this project matures it will become an invaluable tool for attracting further patronage growth on public transport and for managing demand pressures through the use of differential prices in peak and off-peak times.

TRANSPORT PRIORITIES FOR QUEENSLAND

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|---|------------------------------|---|-----------------------|----------------|--|
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | Brisbane River Rail Crossing | Rapidly progress the study into a second rail crossing under Brisbane, potentially looking for other new extensions of the CityTrain network. | Proposed | Not costed | State & Federal Governments / Private Sector |
| 2 | Rolling Stock Procurement | To ensure greater capacity and continuity of supply, more fleet acquisition for QR CityTrain and further investment for TransLink to purchase the busway fleet. | TTF Proposal | \$290 million | State Government / Private Sector |
| 3 | Gold Coast Rapid Transit | Work must continue on the Gold Coast Rapid Transit Project, with light rail as the preferred mode to deliver urban renewal and greater investment. | TTF Proposal | \$705 million | State Government / GC Council |
| 4 | Springfield Rail Extension | The Springfield extension should be brought forward for delivery in 2010 to match the current housing and commercial growth in the Western Corridor. | TTF Proposal | \$370 million | State Government / Private Sector |
| 5 | North South Bypass Tunnel | Complete construction of the North South Bypass Tunnel under Brisbane's CBD. | Construction underway | \$3 billion | Brisbane City Council |
| 6 | Ipswich Motorway | Upgrade of the Ipswich Motorway. | Committed | \$3.3 billion | State & Federal Governments / Private Sector |
| 7 | "Park and Ride" development | "Park and Ride" projects should be progressed urgently to cater for the increasing demand for public transport. | Planned | Not costed | State Government / Private Sector |

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TRANSPORT PRIORITIES FOR QUEENSLAND

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|----------------------------------|--|--|--------------------|----------------|--|
| 8 | Caboolture to Maroochydore Corridor | The Caboolture to Maroochydore corridor needs to be urgently planned and built, some 10 years earlier than the current 2026 target date. | TTF Proposal | Not costed | State & Federal Governments / Private Sector |
| 9 | Toowoomba Range Crossing | Construction of a second range crossing to Toowoomba. | Proposed | Not costed | State & Federal Governments / Private Sector |
| 10 | Hale Street Link | Construction of the Hale Street Link to provide another crossing of the Brisbane River. | Under construction | \$300 million | Brisbane City Council |
| 11 | Northern Link | Design and construct the Northern Link road, linking the Western Freeway to the Inner City Bypass. | Planned | Not costed | State & Federal Governments / Private Sector |
| BETTER TRANSPORT SERVICES | | | | | |
| 1 | Introduce Bus Contracting Arrangements | Introduce bus contracting arrangements to bring contestability and innovation in the delivery of services prior to the Northern and Eastern Busways coming on line. | TTF Proposal | N/A | State Government |
| 2 | Improve Regional Bus Networks | Townsville, Cairns, Mackay and Wide Bay bus networks should receive additional funding to deliver further service improvements including bus priority measures, more buses and frequent services. | Committed | \$30 million | State Government |
| 3 | Travel Demand Management | Travel demand management measures including TravelSmart and off-peak pricing should be expanded to free-up capacity at peak times and better utilise existing off-peak services. | Planned | N/A | State Government |
| REGULATORY REFORM | | | | | |
| 1 | Transit Oriented Development | Planning mechanisms should encourage and facilitate "Park and Ride" developments and Transit Oriented Developments. This should also be in line with the Government's commitment to urban densification. | TTF Proposal | N/A | State Government |
| 2 | Attract Private Sector Road Funding | Private sector funding should be sought for major road projects across South East Queensland to reduce the funding burden on Queensland taxpayers. | TTF Proposal | N/A | State Government / Private Sector |

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TRANSPORT PRIORITIES FOR QUEENSLAND

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|------------|---------------------------------|---|--------------------|----------------|-----------------------------------|
| 3 | Emissions-free public transport | Look to powering public transport modes, such as rail, through 100% Green Power. | TTF Proposal | Not costed | State Government / Private Sector |
| 4 | Industrial reform | Review industrial relations restrictions on Government owned transport organisations that affect the efficient management of the Queensland transport network | TTF Proposal | Not costed | State Government |

South Australia

Transport in South Australia is dominated by road transport, especially in Adelaide. Sitting as a central hub in east-west continental movements, Adelaide is importantly positioned as a growing freight centre. However, urban public transport has suffered from under-investment for many years, resulting in low public transport usage.

At present, private car travel accounts for over 90 per cent of the total passenger travel on all transport modes throughout Adelaide¹¹. It is hardly surprising that, at this rate, congestion in the city is set to almost double by 2020, costing the state over \$1 billion per year.¹²

The public transport system in Adelaide provides an important service, but the rail infrastructure is dated and needs renewing. The tram network has been recently extended and new rolling stock procured and the trains still run on diesel and are hindered by life-expired wooden and steel sleepers.

Recently, the South Australian Government recognised these issues and allocated significant funding to improve the metropolitan rail system, including a re-sleeper program and a commitment to electrifying the network. This last project is particularly vital for improving reliability and reducing greenhouse gas emissions from public transport. (This project is further discussed under National Transport Reform Agenda.)

The replacement of the current track with concrete sleepers and enhanced track structure is also critical for reliability and efficiency. While the last

state budget allocated funds to specific projects, comprehensive action must start immediately. Undertaking the current Gawler line project in tandem with other significant routes, for instance, would allow electrification of the arterial routes to begin ahead of schedule.

Another crucial project is the separation of the passenger and freight rail networks. Competition between these operations has hindered efficiency and impacted on the city's ability to increase capacity for both. Further to this is a necessary upgrade of freight intermodal facilities to reduce heavy vehicle congestion. As an indication, the railway carried 800,000 tonnes of general freight in the 2007-2008 financial year. The South Australian Government must be prepared for increases in rail traffic when businesses and consumers alike come to realise the competitive advantages of rail over land-based transport for long distances.

The South Australian Government has committed to investment in additional rolling stock so the system will be able to cope with the increased demand associated with rising fuel costs and traffic congestion. The current procurement programs for public transport capacity growth must be accelerated and expanded ensuring that new vehicles are low emission or emission free. In conjunction with investment in infrastructure efficiencies, this will ensure overcrowding is kept to a minimum and services remain attractive. In addition, the expansion of the "Park and Ride" program and further investment in O-bahn interchanges would also encourage more commuters to connect with public transport - taking cars off congested arterial roads.

¹¹ BITRE (2007) Estimating urban traffic and congestion cost trends for Australian cities, Working Paper 71, table 4.3.

¹² *ibid*, pXV.

A smartcard-based integrated ticket should also be investigated as part of the Government's current \$29 million project to upgrade public transport ticketing systems. Adopting and rolling out a smartcard ticketing system in Adelaide will require an in-depth marketing plan and rollout strategy. In this regard, South Australia has the advantage of learning the lessons of other Australian capitals and international examples to ensure the benefits can be optimised. If approached correctly, smartcard ticketing will deliver significant benefits by making services easier to use, commuter-friendly, and travel times faster through reductions in boarding times. In addition, it allows the facilitation of travel demand measures, such as off-peak fare discounting, by providing the mechanism for flexible differential pricing.

Tourism is an important industry to the state,

and transport that supports this sector must be enhanced. Such upgrades include ensuring regional roads are adequate for drive tourism, upgrading the Penneshaw terminal to enhance Kangaroo Island facilities, and further revitalisation of the Keswick terminal to support long-distance passenger rail.

Following the successful extension of the Glenelg line, the SA Government has committed to further extensions of the light rail network. This impetus must be maintained. New light rail extensions not only offer commuters a novel way to access key sites across the city, but also provide the impetus for increased levels of public transport patronage. TTF envisions future projects where light rail services are fully integrated with the metropolitan public transport network, and the suburban network beyond.

TRANSPORT PRIORITIES FOR SOUTH AUSTRALIA

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|---|-------------------------------------|--|--------------------|----------------|-----------------------------------|
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | Urban Rail Electrification | Electrify the TransAdelaide metropolitan rail network. | Committed | \$1.5 billion | State Government |
| 2 | Freight / Passenger Rail Separation | Following completion of the current planning study, commit to a program of grade separations on the rail network, separating freight from the passenger system, to improve efficiency and increase capacity. | Proposed | \$650 million | State Government |
| 3 | Replace Rail Sleepers | Upgrade track structures with new concrete sleepers to improve the reliability of the network. | Committed | \$230 million | State Government |
| 4 | Extend the Light Rail Network | Following the successful extension of the Glenelg line, the South Australian Government should pursue further extensions of the light rail network. | Committed | Not costed | State Government / Private Sector |
| 5 | Procure new rolling stock | Future planning should include the procurement of additional trains, trams, and buses in order to meet projected demand for additional services. | Committed | Not costed | State Government / Private Sector |
| 6 | "Park and Ride" development | "Park and Ride" projects should be progressed urgently to cater for the increasing demand for public transport. | TTF Proposal | \$20 million | State Government |

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TRANSPORT PRIORITIES FOR SOUTH AUSTRALIA

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|------------|---------------------------------|---|--------------------|----------------|-----------------------------------|
| 7 | Penneshaw Terminal Upgrade | The South Australian Government should invest in an upgrade of the Penneshaw Terminal on Kangaroo Island to improve transport to the island. | TTF Proposal | Not costed | State Government |
| 8 | Increased Intermodal Facilities | Continue to invest in upgraded freight intermodal facilities to reduce heavy vehicle congestion. | Planned | \$100 million | State Government / Private Sector |
| 9 | Keswick Station Revitalisation | Commit to a program of upgrading facilities at Keswick Station, particularly with a view to ensuring long distance rail passengers are catered for. | Planned | \$10 million | State Government |

BETTER TRANSPORT SERVICES

| | | | | | |
|---|--|--|--------------|---------------------------------|------------------|
| 1 | Increase Bus Frequencies | Purchase new buses to increase the frequency of bus services in Adelaide, particularly in the peaks, shoulder peaks, and later in the night. | Committed | \$64.4 million for 80 new buses | State Government |
| 2 | Explore smartcard Ticketing | Implement a smartcard ticketing system for public transport in Adelaide. | Committed | \$29 million | State Government |
| 3 | More Bus Lanes | Work with Local Government to implement dedicated bus lanes on major arteries to improve reliability and speed of bus services. | Committed | \$14.0 million | State Government |
| 4 | Subsidise Kangaroo Island Ferry Services | Recognise the contribution of the ferry service to Kangaroo Island by providing relief through subsidising port access fees and/or council levies in line with the Federal Government's Bass Strait Passenger Vehicle Equalisation Scheme. | TTF Proposal | Not costed | State Government |
| 5 | Travel Demand Management | Travel demand management measures including TravelSmart and off-peak pricing should be expanded to free up extra capacity at peak times, and to better utilise off-peak services. | Planned | \$48.5 million | State Government |

REGULATORY REFORM

| | | | | | |
|---|------------------------------|--|---------|-----|------------------|
| 1 | Transit Oriented Development | Planning mechanisms should encourage and facilitate "Park and Ride" developments and Transit Oriented Developments. This should also be in line with the Government's commitment to urban densification. | Planned | N/A | State Government |
|---|------------------------------|--|---------|-----|------------------|

Tasmania

Tasmanians live in the most decentralised of all Australian states. Housing densities are low, car ownership levels are high, and there are no commuter rail or light rail services. Road use is by far the major contributor to Tasmania's greenhouse gas emissions, due to a reliance on private vehicles and the age of the vehicle fleet. The Southern Region Overview Report, prepared by the Tasmanian Government and southern regional councils, states that:

*Tasmanians are highly dependent on private vehicles. The number of trips made by car and levels of car ownership are both increasing. Tasmania has the second-highest number of registered motor vehicles per 1,000 population after Western Australia, representing 2.6 per cent of Australia's fleet for only 2.4 per cent of the country's population.*¹³

Moreover, more than 40 per cent of vehicles in Tasmania are over ten years old. Measures to reduce car-usage and encourage the acquisition of more modern, fuel-efficient vehicles would therefore have a material impact on Tasmania's overall greenhouse gas emissions.¹⁴

A number of Tasmanian communities suffer from significant socio-economic disadvantages. The development of geographically isolated broad-acre public housing developments around the outskirts of Hobart and Launceston has fostered high levels of social exclusion and welfare dependence. This is being exacerbated by rising fuel costs. The Southern Region Overview Report noted that:

There appears to be a correlation between transport disadvantage and broad-acre public housing estates such as Bridgewater/Gagebrook, Clarendon Vale, Rokeby and Risdon Vale. A reliable public transport service is essential in these communities, providing access to employment and services, and promoting participation in the community. The provision of reliable public transport also helps to reduce perceptions of social isolation and improve the

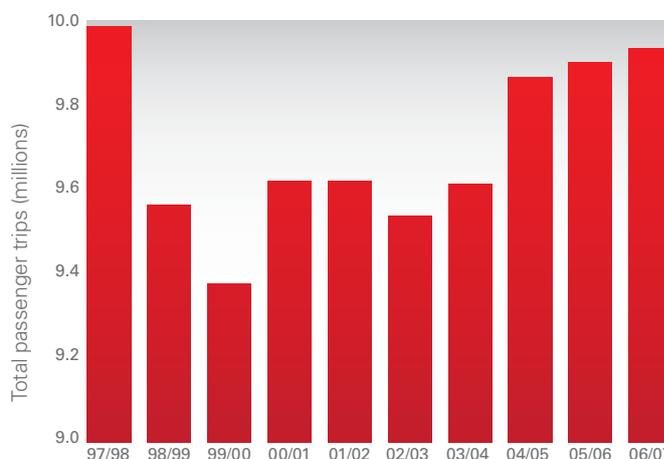
*sense of local amenity.*¹⁵

Much of Tasmania's population growth is occurring on the urban periphery, in suburbs such as Sorell, Kingston and the southern beaches in the south, Prospect and Legana in the north, and Port Sorell/Hawley in the north west. The relatively low density of these suburbs and their geographic distance from major activity centres make it difficult and expensive to provide regular public transport services.¹⁶ According to the Australian Bureau of Statistics, the main reason for not using public transport in Tasmania was that there was 'no service available at all' (31%), followed by 'no service available at the right/convenient time' (27%).¹⁷ The lack of public transport in these communities reinforces car dependency and makes it difficult for young people to access further education.

While Tasmania does not suffer from the same level of urban congestion experienced in the mainland capitals, the growing amount of traffic on urban roads is having an impact on travel times. It has been noted that "there is a perception in the community that traffic congestion is worsening within the Hobart metropolitan area and that response measures are required."¹⁸

Patronage figures show a pick up in demand for public transport from 2004/05 - albeit from a relatively low base. Investment in new and upgraded services, along with supportive infrastructure, will continue to make public transport a more viable and convenient transport alternative.

URBAN PUBLIC TRANSPORT PATRONAGE TRENDS IN TASMANIA



This graph is from the MetroTas 2007 Annual Report

¹³ Southern Region Overview Report, October 2007, p30.

¹⁴ Southern Region Overview Report, October 2007, p39.

¹⁵ Southern Region Overview Report, October 2007, p31.

¹⁶ Southern Region Overview Report, October 2007, p31.

¹⁷ ABS (2006) 4602.0 - Environmental Issues: People's Views and Practices, March 2006

¹⁸ Southern Region Overview Report, October 2007, p33.

Transport problems in the major urban centres of Hobart and Launceston can be addressed by the development of city-wide rapid transit networks. This would involve fast, frequent and direct transport links to outerlying suburbs - such as Brighton, Sorell, Lauderdale and Kingston in the south, and Ravenswood, Rocherlea, Youngtown and Prospect in the north. The most cost-effective mode for the delivery of these services would be bus transit. However, there is also an option for a light rail link to the Brighton municipality using the existing rail corridor. The Tasmanian Government has already committed to investigating the potential for a light rail project.

The rapid transit networks could include features such as 'Park and Ride' facilities, transit lanes on key arterial roads, and real-time passenger information displays. In particular, the provision of 'Park and Ride' facilities would make a material difference to the perception of public transport

use, and encourage 'modal shift', especially for commuter trips. At present, a number of informal 'Park and Ride' locations exist in areas such as Kingston and Montague Bay. Formalised arrangements (with adequate parking, shelter for waiting passengers and real-time passenger information displays) would significantly enhance the public transport 'product offering'. TTF strongly recommends the development of a trial 'Park and Ride' project at the Derwent Entertainment Centre in Elwick.

In addition to the development of a rapid transit network, other operational improvements should be made to existing metro services - such as simplification of routes and timetables. Continued development of a smartcard ticketing system, trial bus or transit lanes and greater use of demand-management tools such as TravelSmart should also be pursued. The planned Brighton Intermodal Hub will also help to revitalise rail freight and reduce the number of heavy vehicles on Tasmanian roads.

| TRANSPORT PRIORITIES FOR TASMANIA | | | | | |
|---|-------------------------------|--|--------------------|----------------|-------------------------------|
| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | Rapid transit system | Fast, direct and frequent public transport links to the CBD in Hobart and Launceston. | TTF Proposal | Not costed | State Government |
| 2 | 'Park and Ride' Facilities | TTF supports the introduction of 'Park and Ride' facilities to encourage greater use of public transport for urban commuters. A trial project should be developed at Elwick. | TTF Proposal | Not costed | State Government |
| 3 | Introduction of Transit Lanes | Introduce a trial transit lane project in a strategic location, such as the Brooker Highway, with a view to extending transit lanes in key urban corridors. | TTF Proposal | \$2 million | State Government |
| 4 | Brighton Intermodal Hub | Work should proceed on the planned intermodal freight facility for Brighton, north of Hobart. | Committed | \$79 million | State and Federal Governments |

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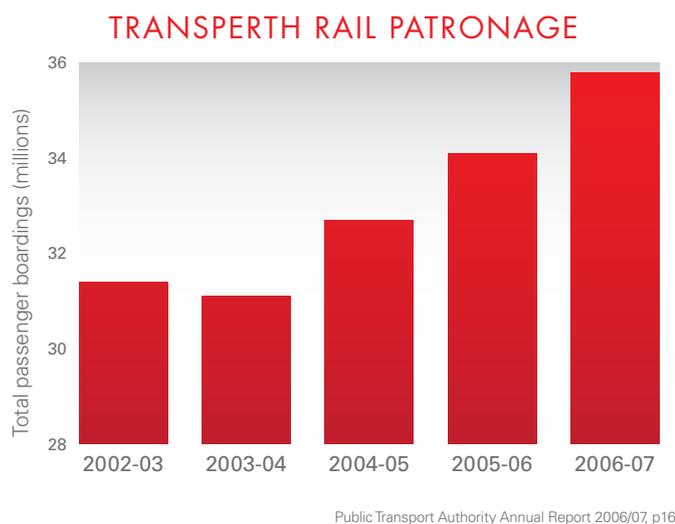
TRANSPORT PRIORITIES FOR TASMANIA

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|----------------------------------|---------------------------------|---|--------------------|----------------------|-----------------------------|
| BETTER TRANSPORT SERVICES | | | | | |
| 1 | More frequent services | Recurrent funding for bus services should be increased to deliver more frequent services. | TTF proposal | \$10m annually | State Government |
| 2 | Smartcard ticketing system | Development of a new smartcard ticketing system for public transport should continue, and the project should be expanded to deliver traffic-light priority and real-time information for passengers at key locations. | Committed | Not costed | State Government |
| 3 | Travel Behaviour Change | Demand management tools such as TravelSmart should be expanded to encourage greater use of sustainable transport alternatives. | TTF proposal | \$1 million annually | State Government |
| 4 | Improved Community Transport | The Tasmanian Government should explore models for providing improved community transport services, such as Victoria's Transport Connections Program. | TTF Proposal | Not costed | State Government |
| REGULATORY REFORM | | | | | |
| 1 | Core Passenger Services Review | The recommendations of the Department of Infrastructure, Energy and Resources' Core Passenger Service Review should be implemented. | TTF Proposal | Not costed | State Government |
| 2 | Low-Emission Vehicle Incentives | Greater use of low-emission vehicles should be made in the State Government fleet, and incentives such as reduced registration fees should be provided to encourage take-up of low-emissions private vehicles. | TTF Proposal | Not costed | State Government |
| 3 | Urban consolidation | Planning models should reflect the need to increase densification along key transport corridors to improve the efficiency of transport networks. | TTF proposal | N/A | State and Local Governments |

Western Australia

Western Australia has, in many ways, been leading the nation in the development of sustainable transport options. Regular users of Perth's public transport system are generally highly satisfied with the level of service provided. According to the 2008 Transperth passenger survey 78% of passengers were satisfied with bus services, 90% with train services, and 98% with ferry services.¹⁹ By soundly investing the dividends of the state's buoyant economy, the West Australian Government has been able to link previously unserved regions to reliable and efficient public transport. The centrepiece of these developments has been Perth's new MetroRail linking Mandurah to the CBD, which virtually doubled the size of the metropolitan rail network. The West Australian Government has also developed an integrated smartcard ticket and is looking at new rail links to the north and to Perth Airport.

For public transport, particularly the rail network, demand for services has never been greater. Patronage has been growing at a staggering rate. Last year alone patronage on the rail system grew by 1.7 million passenger boardings (prior to the opening of the new Mandurah line). Since 2003-04 rail patronage has increased by a staggering 15%.²⁰



Despite the investment in public transport infrastructure, however, Western Australia remains the state with the highest per capita level of car ownership. In fact, public transport's share of total passenger travel in Perth is expected to remain below 10% into the future.²¹ This makes West Australian families particularly vulnerable to upward movements in fuel prices. Congestion is set to cost Perth up to \$2.1 billion by 2020.²² It is clear the sprawling geography and culture of car dependence in Western Australia remain major barriers to the development of sustainable transport in the state.

The West Australian Government has outlined an ambitious and visionary plan for the future expansion of metropolitan rail services. Turning this vision into reality will be a major challenge, but is essential if Perth is to continue its progress towards becoming a more sustainable city. Key projects will include new rail links to the northern suburbs and Bunbury, improved public transport links to Perth Airport, and a new station at South Perth.

The northern suburbs are experiencing significant population growth. The West Australian Government plans to extend the northern suburbs rail line, which currently ends at Clarkson, through to Butler, Brighton, Alkimos and Yanchep. This will provide a fast, efficient transport alternative to commuters, and take demand pressure off the busy Mitchell Freeway.

The planned high-speed rail line from Perth to Bunbury will slash travel times by up to one third, and provide a much-needed transport link between the capital and one of the State's key regional centres. The South-West region - including Bunbury, Mandurah and Peel - is experiencing strong growth, with the population forecast to increase by 45% by 2021. The South-West region also covers Margaret River - a key tourist destination - and attracts over 2 million visitors a year, including over 100,000 international visitors.

Although Transperth operates regular bus services to the domestic terminal, the airport is not currently serviced by any other public transport mode. Passenger air traffic has doubled over the past six years to reach nine million passenger

¹⁹ TransPerth, Passenger Satisfaction Monitor 2008, p12, 84, & 113

²⁰ Public Transport Authority, Annual Report 2006/07, p16

²¹ BITRE (2007) Estimating urban traffic and congestion cost trends for Australian cities, Working Paper 71, p25.

²² Ibid, pXV.

movements last financial year, and this is set to increase under current airport redevelopment plans. The proposed rapid transit connection to the airport would provide more options for commuters and decongest the airport precinct.

While the State Government has recognised the need for a new South Perth railway station, the expected completion date for the station has already been delayed and major events continue to be marred by inadequate public transport alternatives. Furthermore, South Perth station will provide an important public transport gateway for Perth Zoo, which continues to attract over half a million patrons a year, and local residents with access to the city by rail and the wider rail network.

Further opportunities exist in the expansion of the ferry system, the use of demand management techniques to relieve peak congestion through the provision of off-peak travel incentives, and the investigation of light rail through the CBD and inner ring suburbs. Another important initiative is the continuation and expansion of the sustainable transport energy program. This program has been responsible for a range of important initiatives such as the successful EcoBus trial. Western Australia should continue to invest in these programs to consolidate its position as a leader in the development of sustainable transport technologies and innovative policies. A greater focus on transit-oriented developments and urban densification along transport corridors will also be essential in tackling car dependence in the Perth region.



TRANSPORT PRIORITIES FOR WESTERN AUSTRALIA

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|---|--------------------------------------|--|--------------------|---------------------------|--|
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | More rolling stock | Procure new EMUs for the rail network to meet future capacity and anticipate construction lead times. | TTF Proposal | Not costed | State & Federal Governments / Private Sector |
| 2 | Northern Suburbs Rail Extension | Extend the Northern Suburbs railway to Yanchep. | Proposed | \$272 million | State Government |
| 3 | Perth Airport Rapid Transit Link | Investigate the best mode for a rapid transit link between the CBD and Perth Airport, also servicing the growing business district near the airport. | TTF Proposal | \$250 million | State Government / Private Sector |
| 4 | South Perth Station | Development of a new station on the Southern Suburbs Line and road improvements. | TTF Proposal | \$32 million + road costs | State Government |
| 5 | Southern High Speed Rail Line | Develop and construct a high speed rail line from Perth to Bunbury. | Proposed | \$300 million | State Government / Private Sector |
| 6 | 'Park and Ride' development | 'Park and Ride' projects should be progressed urgently to cater for the increasing demand for public transport. | TTF Proposal | Not costed | State Government |
| 7 | Invest in Perth's Road Network | Invest in upgrading key urban road networks in Perth to ensure congestion does not escalate to untenable levels. Invest in upgrading roads to key regional tourist destinations in the state. | TTF Proposal | Not costed | State Government / Private Sector |
| BETTER TRANSPORT SERVICES | | | | | |
| 1 | Travel Demand Management | Travel demand management measures including TravelSmart and off-peak pricing should be expanded to free-up extra capacity at peak times, and better use off-peak services. | Planned | Not costed | State Government |
| 2 | Ferry expansion | Consider an expansion of the Perth ferry network to service waterfront suburbs. | TTF Proposal | Not costed | State Government / Private Sector |
| 3 | Sustainable transport energy program | Consider the continuation and expansion of projects in the sustainable transport energy program to lead the nation in the provision of clean air transport technologies. | Planned | Not costed | State Government / Private Sector |
| REGULATORY REFORM | | | | | |
| 1 | Transit Oriented Development | Planning mechanisms should encourage and facilitate 'Park and Ride' developments and Transit Oriented Developments. This should also be in line with the government's commitment to urban densification. | TTF Proposal | N/A | State Government |

Australian Capital Territory

Public transport in the ACT is limited to buses and taxis, with neither providing an entirely comprehensive service. Bus services are constrained by the number of vehicles, while low population densities and dispersed commercial districts make the provision of public transport relatively costly. Taxi services can be unreliable, with long waiting times during peak times at Canberra Airport.

Roads in Canberra are in need of improvement, particularly around the airport, and work on this

continues. However, TTF recommends that more efforts be undertaken to ensure that transport is improved in the Canberra Airport precinct. A new rapid transit link (either light rail or a rapid bus) linking Canberra airport and the CBD would provide more options for commuters and decongest the airport precinct. Expansion of the line to other major centres in Canberra should be considered in the future.

There is also a need for the ACT to work with NSW in improving rail access between Sydney and Canberra. Improvements to bus and taxi services, however, should be the major priority for public transport in the Territory.

| TRANSPORT PRIORITIES FOR AUSTRALIAN CAPITAL TERRITORY | | | | | |
|---|------------------------------|---|--|----------------|--|
| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | Improve Airport Transport | The government should develop a strong action plan to improve transport in and around Canberra Airport. Tasks should be to reduce taxi wait times, improve roads, and a new rapid transit link with the CBD, with the possibility of future extensions. | Road -construction underway. Rapid transit link - proposed | Not costed | Territory & Federal Governments / Private Sector |
| 2 | More buses from ACTION | Invest in new buses for the ACTION bus network | Planned | \$50 million | Territory Government / Private Sector |
| 3 | Better road networks | Continue to upgrade important roads, such as Tharwa Drive and roads around the airport. | Construction underway | \$20 million | Territory Government |
| BETTER TRANSPORT SERVICES | | | | | |
| 1 | Improved bus frequencies | Improve bus service frequencies. People are more likely to choose public transport when they know services are frequent and reliable. | TTF Proposal | Not costed | Territory Government |
| REGULATORY REFORM | | | | | |
| 1 | Transit Oriented Development | Planning mechanisms should encourage Transit Oriented Developments. This should be in line with the government's commitment to urban densification. | TTF Proposal | N/A | Territory Government |

Northern Territory

Despite the low population density of the Northern Territory, Darwin's urban population is growing rapidly.²³ This rapid growth is having an impact on the urban transport network. While traffic congestion may not be the problem it is in other major centres, estimates show traffic congestion will cost the city \$35 million by 2020.²⁴ The Northern Territory Government has the opportunity to resolve these issues before they become a significant problem.

Bus patronage in Darwin and Alice Springs is limited by the number of vehicles available for service. As such, further investment in bus

procurement, and on-road priority measures to increase the efficiency of the fleet, will be essential to growing public transport share of the transport market. Investment in new infrastructure and additional services should form the core component of an overall strategy for the development of sustainable transport, along with demand-management tools such as the TravelSmart Workplaces Program.

The large distances travelled and reliance on motor vehicles in the Territory means that the road network is in need of constant attention. The Territory's tourism industry is reliant on road-based tourism, and therefore road infrastructure must be maintained at an adequate level. Maintaining road safety is also a major concern.

23 Australian Bureau of Statistics, Australian Demographic Statistics, Cat 3101.0, December 2007, released 24 June 2008, p32
24 BITRE (2007) Estimating urban traffic and congestion cost trends for Australian cities, Working Paper 71, pXV.

TRANSPORT PRIORITIES FOR NORTHERN TERRITORY

| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
|---|------------------------------|--|--------------------|------------------------|---------------------------------|
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | Procure new bus vehicles | Future planning should include the procurement of additional buses to meet demand for additional services. | TTF Proposal | Not costed | Territory Government |
| 2 | Better Roads for Tourists | Invest in upgrading roads to key regional tourist destinations in the Territory. | | Not costed | Territory & Federal Governments |
| 3 | Upgrade rail services | Future needs assessment required of the rail network to assess the best options to cater for expected growth in freight transport and the impact on the demand for passenger services. | TTF Proposal | Not costed | Territory Government |
| 4 | Level crossing upgrades | The ongoing upgrade of level crossings across the Territory is essential to driver and rail safety. | Committed | \$4.3 million annually | Territory Government |
| BETTER TRANSPORT SERVICES | | | | | |
| 1 | Improved bus frequencies | Improve bus service frequencies. People are more likely to choose public transport when they know services are frequent and reliable. | Planned | Not costed | Territory Government |
| REGULATORY REFORM | | | | | |
| 1 | Transit Oriented Development | Planning mechanisms should encourage Transit Oriented Developments. This should be in line with the Government's commitment to urban densification. | TTF Proposal | N/A | Territory Government |

NATIONAL TRANSPORT REFORM AGENDA

The development of an efficient national transport system requires a coordinated national effort. Local differences may seem to be part of the charm of the Australian federation, but sometimes these differences can force substantial costs on business and cause inconvenience for visitors. Inconsistencies between jurisdictions in road rules, for example, can contribute to road accidents - especially when interstate drivers are unaware of local idiosyncrasies. Moreover, duplication of transport systems between jurisdictions creates a massive cost burden on Australian taxpayers, and reduces the pool of available funding for much needed infrastructure and service improvements. States and Territories must put parochialism aside and agree to a wide-ranging national reform agenda to build safer, more efficient and more user-friendly transport systems. This agenda should cover regulations and governance structures surrounding transport networks across the country.

The current fragmented system of road rules, car registration and driver licensing must be a priority area for reform, and should be unified. While discussions are continuing on these matters through the Australian Transport Council, a clear road map to delivery is required. This would be best served by the appointment of a project team under the auspices of the National Transport Commission.

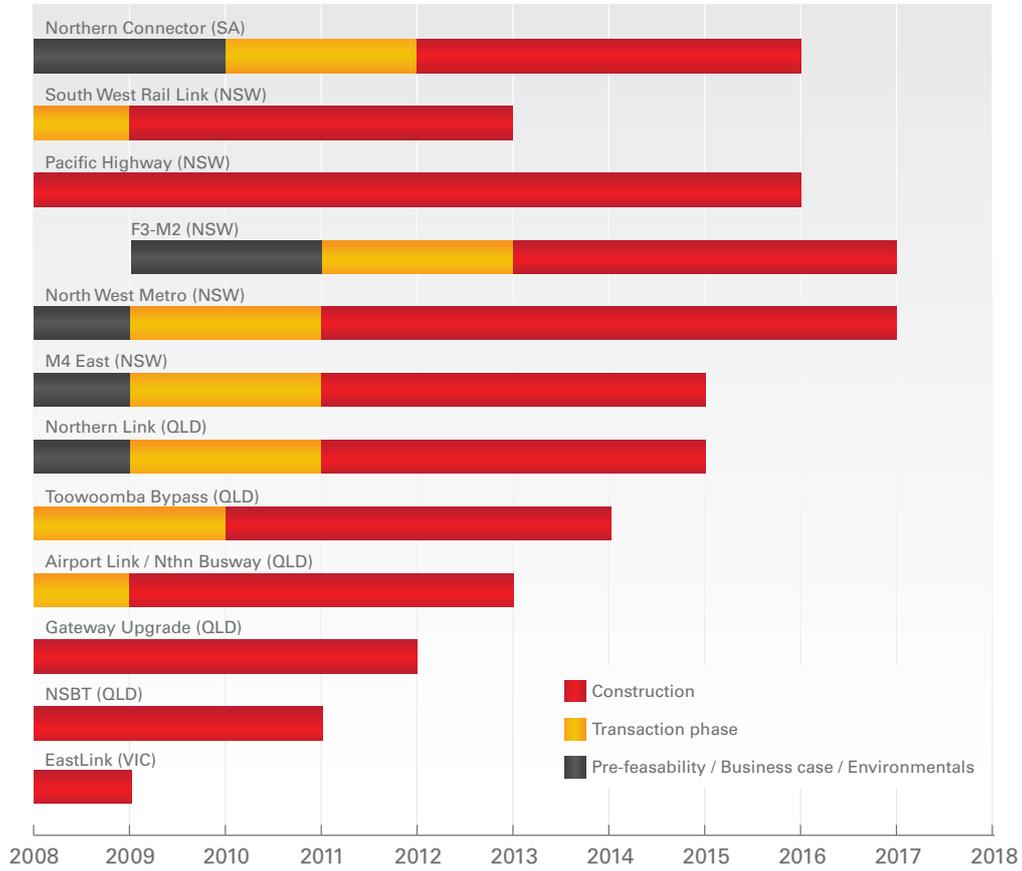
Similarly, a National Road Safety Council would consolidate the expertise built up at state level, and achieve greater economies of scale in the implementation of national safety campaigns. Likewise, a National Rail Safety Regulator should be put in place to ensure consistent safety standards across the national rail network. National reform of the taxi industry should also be pursued to improve service standards, address driver shortages, and open-up greater competition in the taxi payments sector.

It is important to recognise that the transport sector emits around 15 per cent of Australia's greenhouse gas emissions. This figure is forecast to grow significantly in the future. Nevertheless, improvements are being made. Carbon neutral buses, hybrid cars and rail systems powered by renewable energy are just some initiatives aimed at minimising the environmental impact of mass transit systems. Given that any future transport reform will occur in the context of escalating oil prices and an emerging national emissions trading scheme, a national strategy to progress the industry's movement towards a low-carbon future will be critical in ensuring that the transition occurs quickly and smoothly.

A national approach is also needed to streamline projects and to deliver them in a coordinated, sequential manner. Too often, good projects are unnecessarily held up in the planning stages - and again during implementation as a result of the availability of skilled labour. While there is a need to ensure the environmental, business and community objectives of the project stack up, these processes must be expedited to ensure projects can come to fruition in a timely manner. Continuing uncertainty over the future of the F3-Sydney Orbital link in Sydney is an example of how important infrastructure projects can be delayed unnecessarily by a lack of clarity around planning processes and requirements. At the same time, greater effort must be made to overcome skill shortages in the transport and construction sectors. Across Australia, skilled professions such as train drivers and rail signalling engineers are suffering from critical labour shortages.

Following is a timeline of the projects already scheduled over the next 10 years.

INDICATIVE TIMELINE OF TRANSPORT MEGAPROJECTS IN AUSTRALIA



SOURCE: Ernst and Young, East-West Link Needs Assessment; TTF Australia

NATIONAL TRANSPORT REFORM AGENDA

| INITIATIVE | DESCRIPTION |
|------------|---|
| 1 | <p>Coordinated National Plan to Address Congestion</p> <p>Create a long-term national plan to address the problem of urban congestion through integrated transport planning and the development of critical infrastructure projects.</p> |
| 2 | <p>National Plan for Transition to Low-Carbon Future</p> <p>Create a national plan to reduce transport-related greenhouse gas emissions, and equip the transport sector for the demands of a low-carbon economy.</p> |
| 3 | <p>Ensure Timely Approval of Critical Projects</p> <p>A nationally-consistent system of project design and approval is needed to ensure that critical projects are not unnecessarily delayed in the planning stages.</p> |
| 4 | <p>National Pipeline of Infrastructure Projects</p> <p>Delivery of transport infrastructure projects should be coordinated to provide a consistent pipeline of projects to the construction sector.</p> |
| 5 | <p>More University Places in Transport-related Degrees</p> <p>The Federal Government should act to increase the number of places in transport-related degrees at universities, particularly in Engineering.</p> |
| 6 | <p>National Road Safety Council</p> <p>A national road safety council should be established to coordinate a national approach to reducing deaths and accidents on Australian roads.</p> |
| 7 | <p>National Rail Safety Regulator</p> <p>A national safety regulator should be appointed to ensure consistent standards in rail safety across the national network.</p> |
| 8 | <p>Single National Vehicle Registration</p> <p>Create a uniform national registration system for all vehicles. This should be implemented in a staged process, with heavy vehicle registration unified as the first stage.</p> |
| 9 | <p>Single National Driving Licensing System</p> <p>Create a single national driving licence system.</p> |
| 10 | <p>National Review of Taxi Industry</p> <p>A national review of the structure of the taxi industry should be conducted under the auspices of the Productivity Commission to improve service standards, overcome labour shortages in the taxi industry, and open up competition in the payments sector.</p> |
| 11 | <p>FBT Amendment</p> <p>Encouraging people to leave their cars at home is one way the Government can reduce transport-related greenhouse gas emissions. The current Federal Fringe Benefits Tax (FBT) regime, however, acts as an incentive for people to drive more by salary packaging their cars. TTF advocates for this benefit to be amended to encourage commuters to use sustainable transport alternatives</p> |

Transport projects of national significance

The \$20 billion Building Australia Fund provides a foundation for the re-engagement of the Federal Government in urban transport infrastructure. Along with the Auslink program, the Building Australia Fund will be able to provide important financial contributions to key capacity-building transport infrastructure projects.

TTF has identified a series of key projects that should be given high priority in the national infrastructure audit being undertaken by Infrastructure Australia. These projects will address the most significant transport infrastructure requirements in the five major metropolitan centres - Sydney, Melbourne, Brisbane, Adelaide and Perth. The projects include new rail tunnels, upgrades to existing infrastructure, and the purchase of new rolling stock.

TTF considers it important for equity reasons that all jurisdictions receive some benefit from the Building Australia Fund. Western Australia, for example, should not be 'penalised' for its commendable investments in public transport infrastructure. It may be somewhat ahead of the game, but it still has infrastructure challenges that will need to be addressed. Equally, while this paper does not nominate projects of national significance in Tasmania, ACT or Northern Territory, we recommend that Infrastructure Australia considers some of the projects outlined in previous chapters in relation to these jurisdictions.

Sydney Metro system

The NSW Government has embarked on an ambitious project to develop a 'metro-style' rail system for Sydney. The first stage of this system will be a \$12 billion Metro from the CBD to the North West, travelling under Victoria Road to the Hills District. This line will fundamentally change mobility in the city, reducing congestion and encouraging public transport usage. The NSW Government has announced that the North West Metro will be funded from capital expenditure, and has factored this into its forward estimates.

A full metro system for Sydney, however, is

likely to cost well in excess of \$30 billion and will be beyond the realm of State Government expenditure. Partnering with the Federal Government and the private sector will be crucial to ensure this much-needed system becomes a reality. The map below shows TTF's long-term vision for a Sydney Metro, based on the NSW Government's own initial planning.

TTF recently made a submission to the NSW Government (available at www.ttf.org.au) outlining the need to involve the private sector to assist with the financing and delivery of the project.



Melbourne East-West Links

In March 2008 Sir Rod Eddington delivered his findings to the Victorian Government on the best transport solutions for connecting Melbourne's eastern and western suburbs. The East West Link Needs Assessment (EWLNA) was a comprehensive review of future transport needs for Melbourne, looking at passenger and freight transport. The EWLNA Report warned that the Victorian Government would need to make critical decisions in the near future if it is to meet growing community demands for improved transport, particularly public transport. Rapidly increasing travel demand, together with a growing population, requires a decisive response from

the Victorian Government. The Report advocates an increase in rail network capacity, including allowing for an extra 40,000 commuters per hour. The Report states that, although the costs will be high, *'doing nothing is not an option... the cost of inaction is far greater.'*²⁵

The report makes a number of important recommendations, including two major transport infrastructure projects:

- A 17 kilometre rail tunnel linking Melbourne's western and south-eastern suburbs which will ease pressure on the City Loop and provide much needed rail capacity; and
- An 18 kilometre cross city road tunnel linking the western suburbs to the Eastern Freeway.

Importantly, the report specifies that the road tunnel should be a city bypass - and should not provide access to the CBD precinct. This will ensure the road project does not lead to increased traffic congestion - rather, it will enable efficient cross-city movement of both commercial and private vehicles and reduce the amount of traffic in the inner city.

A fundamental increase to the capacity of the metropolitan rail network can only be achieved through investment in new infrastructure - such as the planned triplications of the Dandenong and Sunshine corridors, and the proposed Footscray to Caulfield tunnel. In particular, the Footscray to Caulfield tunnel will take pressure off the congested city loop, allowing for a substantial increase in the number of trains entering the city via the 'Northern Group' of lines. With patronage growth on the Northern Group of 13 per cent each year over the past three years - and strong growth expected to continue into the future - it is critical that extra room is created for more services on these lines.

TTF believes that the package of infrastructure improvements recommended by the EWLNA would make a significant impact in reducing urban transport congestion. Furthermore, these projects will contribute to reducing transport-related greenhouse gas emissions - especially when combined with a suite of other policy measures outside the purview of the report's terms of reference.

Adapting the EWLNA recommendations will require a collaborative effort from different arms of the public and private sectors, but will ensure Melbourne is better placed to manage rapid growth and change. Together with private sector investment initiatives, it is important for the Federal Government to examine such projects as part of the Infrastructure Audit.

Historically, it has been easier to attract private investment to road projects than rail infrastructure. PPPs have been successfully implemented around the country for major road projects; however, rail infrastructure has been more difficult, partly due to the need to provide public transport at a relatively low cost. Because of this, TTF considers the rail project recommended by Sir Rod Eddington should be considered to be of higher priority for funding from the Federal Government through Infrastructure Australia than the road project.

Electrification and extension of the Adelaide rail network

The Adelaide rail system is the only rail system in any mainland Australian capital city that continues to run on diesel fuel. Earlier this year, however, the South Australian Government committed to electrifying the metropolitan rail network over a ten-year period. This plan will deliver 50 new electric trains and convert 58 existing trains for new electric use. The electrification process is set to start with the Outer Harbour rail line to increase the capacity of existing services. The 2008-09 State Budget also includes \$209.7 million for the electrification of the Noarlunga line and commits \$193.7 million to the upgrade of rail infrastructure, including the concrete re-sleepering of the Gawler line.

The conversion of the diesel network to electric will require a massive investment in new and converted rolling stock. The South Australian Government should consider a rolling stock PPP, similar to that undertaken by the Reliance Rail consortium in Sydney, to fund and deliver the new train-sets (and potentially to convert the existing rail sets).

The benefits of electrification significantly outweigh the costs involved. Electrification of rail networks increases reliability and increases speed

²⁵ Eddington, Rod (2008), East-West Needs Assessment Report, p11

and capacity. It also increases passenger amenity by reducing vibration and noise. Electrification also brings environmental benefits, with lower greenhouse gas emissions than diesel, and the option of using 100% renewable energy once appropriate energy infrastructure is developed.

Second Brisbane River rail crossing

South East Queensland's CityTrain network provides a network for moving large numbers of passengers quickly, efficiently and in an environmentally sustainable way. The current system is facing capacity issues and is limited by pinch-points in the network, as well as a lack of reach into many areas of Brisbane. The most serious bottleneck on the metropolitan system is the Brisbane River crossing at Merivale Bridge - which will approach capacity by 2016.²⁶

In August 2007, the Queensland Government announced an Inner City Rail Capacity Study to examine key needs for the future of the rail network in Brisbane. This study may recommend a number of rail expansion projects to increase the effectiveness and reliability of the CityTrain network. One key recommendation is expected to be the construction of a new rail tunnel under the Brisbane River. Such a link would greatly increase the capacity of the CityTrain network, as well as linking to new areas. New stations at areas such as Woollongabba, the CBD and a link towards the airport would capitalise on future growth in the city.

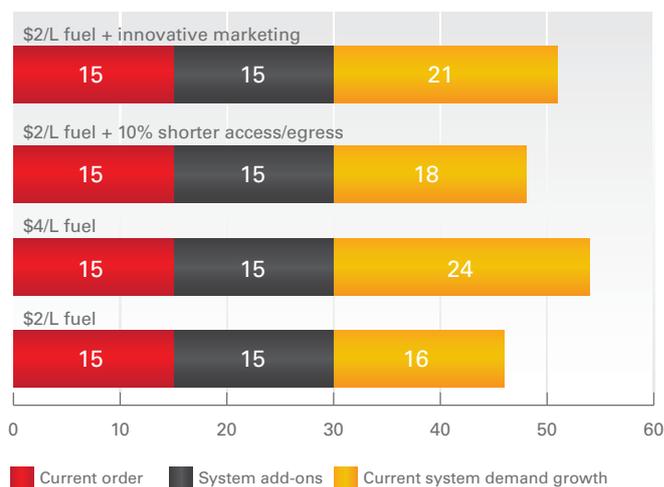
TTF awaits the outcome of the Inner City Rail Capacity Study, and considers that the needs outlined in the report should be fed into the National Infrastructure Audit.

New rolling stock for Transperth

The West Australian Government has led the nation in providing the necessary commitment and investment in transport infrastructure to cater for the increasing growth in demand for public transport. However, the task ahead remains cumbersome. Perth's population growth rate is currently outpacing Sydney, Melbourne, and Brisbane²⁷ and its economy continues to rocket upwards on the back of the resources boom.

The most critical transport issue facing Western Australia is that of rail network capacity. In particular, Transperth's metropolitan rail network will need access to more rolling stock if it is to cope with continued growth in the number of passengers using the network. Figure X shows the additional 3-car sets needed in Western Australia by 2016 under various fuel price scenarios. Under the scenario in which fuel costs reach \$2 per litre by 2016, a further 16 trains will be required to meet demand. This is on top of the current rolling stock order and system add-ons. Even more trains will be required if fuel prices go beyond \$2 (as appears highly likely), and if shorter access/egress, or effective marketing techniques are employed.

ADDITIONAL 3-CAR RAIL SETS NEEDED BY 2016



PTA presentation to UITP, July 8 2008

It is clear that growing demand for public transport will require additional investment in Transperth rolling stock, over and above already record government investment.

²⁶ Paul Lucas press release, Future Rail Connection In Study's Sights, Sunday, August 26, 2007
²⁷ Australian Bureau of Statistics, Australian Demographic Statistics, Cat 3101.0, December 2007, released 24 June 2008, p32

Future Planning

Planning for Sydney Airport Growth

NSW will need a second major airport to cater for the large growth in air passenger and freight movements in the Sydney basin. While the location of a second major facility has not been determined, the NSW Government should commence planning work with the Federal Government to ensure adequate land transport infrastructure and services are available to the site. High speed rail links and road upgrades will be necessary and should form part of the Federal Government's aviation white paper. In addition, the NSW Government, which is responsible for intrastate aviation, should also provide necessary infrastructure support once a suitable location is decided.

collaboratively to plan a national high speed rail network for the future. While not a priority for immediate funding, the need for improved interstate land transport links will become more acute as issues such as peak oil and climate change affect travelling patterns. High speed rail links could be developed to connect the major eastern seaboard population centres of Melbourne, Canberra, Sydney and Brisbane. Despite the large difference in population densities, Europe's investment in high speed land transport links can act as a model for Australian investment into the future.

TTF calls on Australian Governments to work together to plan and secure the necessary land corridors now to ensure high speed rail links remain a viable option for the future.

National High Speed Rail Network

In consideration of the growing demand for land transport alternatives over long distances, the Federal and State Governments should work

| TRANSPORT PRIORITIES FOR THE NATION | | | | | |
|---|--|--|--------------------|----------------|--|
| INITIATIVE | DESCRIPTION | STATUS | COST (Estimate) | RESPONSIBILITY | |
| IMPROVING TRANSPORT INFRASTRUCTURE | | | | | |
| 1 | New Sydney Metro network | Finalise planning and construct the North West Metro and begin planning for future metro lines to Sydney's West, South East, and Northern suburbs. | Committed | \$35 billion | State & Federal Governments / Private Sector |
| 2 | Melbourne Metro Rail Tunnel | Commit to building a new 17 kilometre Melbourne Metro rail tunnel linking Melbourne's burgeoning western and south-eastern suburbs. | TTF Proposal | \$8.5 billion | State & Federal Governments / Private Sector |
| 3 | Brisbane River Rail Crossing | Rapidly progress the study into a second rail crossing under Brisbane, potentially looking for other new extensions of the CityTrain network. | TTF Proposal | Not costed | State & Federal Governments / Private Sector |
| 4 | Adelaide urban Rail Electrification | Electrify the TransAdelaide metropolitan rail network. | Committed | \$1.5 billion | State & Federal Governments / Private Sector |
| 5 | More rolling stock for Western Australia | Procure new EMUs for the rail network to meet future capacity and anticipate construction lead times. | Planned | Not costed | State & Federal Governments / Private Sector |

CONCLUSION

Now is the time for Australian governments and the transport industry to work together to create a national consensus on transport policy. Demand for transport infrastructure investment has never been greater, with the problems facing transport systems at the forefront of people's minds.

Increasing urban congestion is costing the national economy \$12 billion a year, escalating petrol prices are swallowing more of the family budget, public transport services are reaching or have reached capacity, and pressure is mounting on operators in the emerging low-carbon economic environment.

A long-term plan is the only way to overcome these significant challenges. Without significant

visionary investment in transport infrastructure needed over the next 10 to 15 years, the transport systems we use today will buckle under the pressure. The problems are just too big to ignore.

In this paper, TTF outlines a series of infrastructure investments, service improvements and regulatory reforms required urgently across all jurisdictions. A new national partnership is required to drive this agenda and meet the transport challenges of the 21st century. As the leading advocacy voice for Australia's passenger transport sector, TTF is ready and willing to play an active role in this partnership - standing alongside government and industry to build a better Australia.



