

## **SEATS RESPONSE TO THE AUSLINK GREEN PAPER**

### **OVERVIEW**

The AusLink Green Paper could signal the beginning of an important new era in developing and managing Australia's transport infrastructure.

SEATS<sup>1</sup> welcomes the paper, appreciates the opportunity to comment on it and trusts that the changes we suggest will contribute to much needed reform of the current arrangements.

Transport infrastructure in the SEATS region is inadequate for present needs and is inhibiting economic development in the region. Deficient transport infrastructure is one of the major disadvantages facing individuals, communities, industries and enterprises in this region.

There are both logistical and operational dimensions to the transport problems facing the nation. It is not just the lack of infrastructure that is the issue for what is the point of getting perishable goods by road to point A if they cannot be moved promptly.

While we generally support its concept and principles, AusLink needs to be modified to address several fundamental issues.

To begin with Australia needs to plan 20 years into the future. We need a 20 year vision supported by five year rolling plans implementing that vision.

Given the magnitude of the transport task in this developing country and the high cost and long lead time in transport infrastructure development, a modified AusLink needs bi-partisan support to achieve its objectives. Further, AusLink needs to be modified so it can be embraced by State, Territory and Local Governments.

In terms of practical outcomes, AusLink must acknowledge and help address the issues of the Princes Highway between Melbourne and Sydney, the Monaro Highway, the NSW Escarpment and related freight issues, including ports at Pt Kembla (NSW), Western Port (Vic), Barry's Point (Vic) and Port Eden (NSW), inter-modal transfer issues and urgent regulatory reform.

*AusLink* must be greater than changing the way Commonwealth transport funds are allocated. Indeed *AusLink* cannot generate the necessary reform unless funding is increased substantially. Many Local Governments, especially those in rural and regional Australia with extensive road length and a limited rate base, are simply struggling to maintain their existing road assets. Simple reallocation of Local Government's funds would undermine their road maintenance programs leading to real waste of public monies. Hardly effective reform!

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<sup>1</sup> See Attachment 1

We will propose a different model of coordinated transport planning in which regions become the primary building block. We want building blocks in which State boundaries are seamless.

SEATS supports increased participation of the private sector in addressing Australia's transport needs, but with caveats.

The transport task needs to be managed so that production and distribution, commuting and touring can be undertaken efficiently and effectively. The freight task changes between situations. There are specific components and issues peculiar to country areas, as there are in regional centres, for long haul operations, in the urban outskirts, in the suburbs, the city and approaching ports and airports.

Australia needs to encourage modes to compete, and the judicious expansion of rail has much merit, but competition must not be allowed to destabilise established transport networks where the viability is marginal.

Personal transport options vary between rural, regional centre, outer urban, and city situations. This leads to different options for managing the non-freight transport task in these dissimilar environments.

As acknowledged in the Green Paper, Australia already has the skeleton of a national transport plan, with the national highway network, State highways and the defined interstate rail network, established ports and airports. Although this skeleton is a useful starting point, it is seriously deficient. *AusLink* provides the seeds of the answer.

SEATS wishes the development of the AusLink program well and offers our full co-operation in developing the program. SEATS can provide a cost effective mechanism in the consultation process and would be willing to undertake project work in our area where, because of our constituent Local Government members, we have detailed local knowledge.

SEATS members are drawn from two states and the ACT. Our members would also be happy to participate in advisory committees, working groups or other mechanisms with the task of turning theory into reality.

## **INTERMODAL ISSUES IN THE SEATS REGION**

The integration of all forms of transport - road, rail, air and sea - is of paramount importance. And the mode which links them all is road. In many part of the SEATS region road is the only mode of transport but we would like to see the development of other modes and greater utilisation of inter-modal sea and air terminals, railways and inland ports.

Railways serving the SEATS region are limited. SEATS would like the AusLink approach to result in strategic extension of rail networks, including the development of appropriate branch lines.

By way of example, SEATS would like to see investment in a branch line linking Tumut to the north-south system at Cootamundra, to service local heavy industries. The line already exists but is disused and needs rebuilding.

The alternative for this region is a much greater investment in roads that are capable of handling 24 hour heavy vehicle movements. Under current arrangements, this probably would mean both construction and ongoing maintenance expenditure by already hard pressed Local Governments. But such road developments and heavy vehicle use will impact on rural communities and small villages, with road safety emerging as a problem. Certainly heavy transport infrastructure needs to be improved in the Tumut valley and there is an argument that rail might prove to be a most appropriate long term investment.

AusLink needs to be flexible to cope with suddenly changing circumstances. For instance the loss of pine forests in the ACT in January has cut off important supplies for timber and paper mills in Tumut. Alternative supplies might be available from Oberon but this may require an acceleration of the Tumut railway project. At the time of writing this submission, the impacts of the fire are still being assessed. But the point is the need for flexibility and the ability to change priorities to meet changing circumstances.

The SEATS region touches the Hume corridor at the Shires of Gunning and Mulwaree. The development of inter-modal exchange infrastructure at that point, especially with the completion of the RONI backed Main Road 92 linking the Hume corridor with the Shoalhaven and Port Kembla, needs to be covered by national transport planning strategies.

The rail link between Nowra and Wollongong/ Sydney is important for commuters and provides an essential link enabling the Manildra company to get its product to the Sydney market.

SEATS welcomes the investment by the Victorian Government in rail infrastructure in eastern Victoria/ Gippsland. Its long term viability may depend on the effective integration with other modes.

The broad gauge passenger rail service to Traralgon has three services going onto Sale each day. Bairnsdale is scheduled to have a passenger service resuming from June this year.

The broad gauge rail line between Melbourne and Bairnsdale carries some freight. But for rail to fit efficiently into the national railway network and the national land transport system, it needs to be standard gauge rather than broad gauge. This would enable the region to benefit from the growing efficiency, inter-modal flexibility and volume of produce using evolving container technology.

SEATS supports the development of the standard gauge rail to the Gippsland region as part of the national transport network.

The extension of the rail links between Melbourne and Leongatha has at this stage unrealised freight potential. Again, the development of standard gauge rather than broad gauge would enhance the potential benefit of this rail link.

We would encourage efficient pricing arrangements leading to different modes competing on a more even basis, provided the need for inter-modal co-operation is not compromised. Infrastructure investment is both high cost and long term. Competition between different modes operating in parallel but without the volume of business to sustain both could waste valuable resources and undermine the efficiency of the dominant mode.

Public transport comes at a cost but provides both tangible cost and community benefit. This also applies in local/ district situations in rural and regional Australia.

Public passenger transport must be considered in a national transport plan. In metropolitan areas public transport is part of the solution to congestion, environmental and life style problems. In all areas – city, country and regional – public transport is an access equity issue. There should be basic levels of access available to all Australians, irrespective of where they live. These levels will differ between Casey and Cooma but the concept of ensuring that all Australians have some choice in personal travel is a basic building block of a civilised community.

We are not aware of comprehensive studies comparing the cost of constructing and maintaining roads versus the cost of constructing and maintaining public transport systems. If relevant data is not available for Australian conditions, Governments should commission such research.

Rail freight and inland port structures are important. Port of Eden offers potential opportunities for some freight from East Gippsland. Recently the Mobil ship to shore fuel operations at Eden ceased. The economics of this decision, given that the alternative has been to increase heavy vehicle use on the already inadequate Princes Highway, would make an interesting study. The potential of Westernport as a sea port needs to be developed given deep water large bulk carriers will have a depth problem within the channels in Port Phillip Bay (11.5 metres) where Westernport can take up to 16 metres.

Barry's Beach is likely to develop further as a specialist facility servicing the oil and gas industry. Lakes Entrance could develop as a small vessel building centre. Clearly it will need appropriate harbour development for this purpose.

All of these port developments must be backed up with appropriate road and rail infrastructure.

## ***Chapter 1 - CURRENT DEMANDS AND FUTURE CHALLENGES***

SEATS agrees that the challenges identified on Page 23 of the Green Paper are all important. However, the list is not complete.

Our Federal system, with different spheres of government pursuing separate agendas from varied scales and contexts, makes management of a national system extremely

difficult. Too often the focal point in assessing the transport task is the perspective of the State capital. State capitals are obviously pivotal in many respects, being the major market, the major population centres, the most difficult congestion points and the location of major ports, airports and terminals. But transport planning needs to be based on a bigger picture, a picture in which State/ Territory boundaries are seamless and transport needs are assessed on blockages, choke points, regional opportunities, long-range planning, efficient production and distribution, the road/ rail use mix and volumes. The transport task is multi-dimensional.

As an organisation with members from two States and one Territory, SEATS knows of the distortions and difficulties generated by the nation's state capital city focus. Our experience suggests that coordination and co-operation between the three spheres of government needs to be added to the list of the nation's transport challenges, with the planning focus being regional and over-riding the impact of State borders. .

Another issue which needs to be added is the management of transport demand. While this is manifestly an urban problem falling mainly in the State jurisdiction it has national relevance because Australia's transport resources are limited.

The projected "Congestion Cost Estimate" for Melbourne increases from \$2.7billion in 1995 to \$8.0 billion in 2015 (ref p18). This infers that the efficiency of the system will decrease markedly and increases the argument for an eastern freight airport and improved rail network.

Effective transport planning must ensure that the available resources are spent most efficiently. This means there are places and times where demand needs to be managed as part of a national strategy.

Attached to this submission is a lecture to the British Institution of Civil Engineers Transport Planning Society by Professor Phil Goodwin<sup>2</sup>. His lecture deals with the British Government's attempt to produce a 10 year Plan for Transport. Obviously Britain does not have our Federal system to complicate matters, it has a larger revenue base, a longer tradition of public transport use and it does not have our vast distances. On the other hand some of its infrastructure is extremely old and some of its urban management tasks in the larger cities would be more challenging.

Although many aspects of our transport task in Australia are profoundly different to those of the UK, the issues, especially of freight movements in urban areas and urban congestion, are pertinent. The critique of the UK 10 year plan by Professor Goodwin and 27 other Professors from six disciplines and 16 Universities is worth considering in the Australian context.

One of their main conclusions was that transport planning in the era of motor transport "*.....depends strongly on a clear understanding that there will have to be active policy intervention to manage demand for road space at congested times and places. Without this, the benefits of any infrastructure expansion would be substantially eroded.....*"

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<sup>2</sup> See Attachment 2

We believe this also is a challenge for Australian governments and should be identified as one of the major transport challenges facing this nation.

To quote Professor Goodwin again, after looking at the issues raised by the British 10 year plan, he and his colleagues concluded that “reducing traffic by 20% would be easier and less disruptive than currently thought”.

Such a reduction in Australian cities could result in significant savings in time and money, more efficient freight movement and release other funds for other essential infrastructure.

## ***Chapter 2 - FOUNDATIONS FOR REFORM***

The Green Paper accurately describes the difficulties of the relationship between transport planning and land use planning in Australia. The problem is most apparent in developing areas where land use is often changed from rural to industrial or rural to residential to meet population growth and other new demands. These variations can generate changes to the transport task and cumulatively can have a profound impact on both existing infrastructure and predictions of future needs.

In the SEATS region, changes in land use and the impact of those changes on transport planning are relevant especially for the cities of Shoalhaven (NSW) Casey (Vic) and Queanbeyan (NSW) and the Shire of Cardinia (Vic). The issue is becoming increasingly relevant for the Shires of Yarrowlumlula (NSW), Bass Coast (Vic), Baw Baw (Vic) and Wellington (Vic).

The change in land use is partly a question of Local Government planning and the views and visions of local communities. The City of Casey, for instance, is proud of the fact that is the fastest growing residential city in Victoria and one of the fastest developing in Australia.

Land use changes also are partly to do with individual decisions and rights. If an older farmer with a family that does not wish to continue farming can get a premium price for his land by sub-dividing or selling to a developer, is he or she wrong to do so?

Australia’s aging population is also changing land use patterns with many older people retiring to coastal areas. New social issues will emerge as a result of this trend. Transport demands will change. These trends, which are well recognised in the Shoalhaven and Eurobodalla areas of NSW, are now emerging along the eastern coast of Victoria, along of Western Port Bay and the south ocean communities in Bass Coast and South Gippsland.

The cumulative impact of these social and development changes based on Local Government and individual decisions can have a profound impact on infrastructure such as the Princes Highway.

Projects such as the bypasses at Hallam and Pakenham have become necessities and the bottlenecks these investments relieve are likely to re-emerge as the traffic volume builds further east along the Highway. In too many areas current road systems do not work. Melbourne projects such as Citylink and the development of the ring road have significantly improved traffic options but they then feed into systems that are unable to carry current loads at times of peak usage. Projected future usage provides a picture of recurrent gridlock of increasing frequency.

These changing patterns impact on existing infrastructure serving commuter transport.

Also important is the impact on freight efficiency as roads built to meet the requirements of goods being moved to markets and ports in the major cities attract growing volumes of private vehicles, leading to the frustration of both freight and private operators.

A further illustration of this transport dilemma is on the Princes Highway between Nowra and Wollongong in the SEATS region.

This stretch of Highway is in urgent need of upgrading. The freight task is significant and growing. Private commuter traffic is growing. The difficulties are exacerbated in holiday seasons when thousands of property owners and tourists travel to southern beaches and holiday destinations.

To address the question of how land use planning and transport planning can be better integrated, we recommend as a first step that either a national data base or a compatible series of State and Territory data bases be developed. This data collection should reveal population projections and similar key demographic data, current zonings, changes anticipated by Local Governments and long range projections.

From such a knowledge base, the development of long term infrastructure planning becomes realistic.

Special zones which have unique production or other characteristics worth protecting should be identified and considered in the context of transport planning.

A case in point might be parts of Gippsland, where soil quality and depth, reliable rainfall and the absence of irrigation and salinity problems give the region special production status as a national and international food bowl. This potential could be further developed to ensure maximum benefit of this resource if AusLink can develop a cost-effective and efficient transport and logistics system.

Whether governments would be prepared to entrench the special status of productive regions like Gippsland and tailor transport systems to capitalise on the district's potential raises issues broader than transport planning. But the contribution that regions like Gippsland could make to the national economy might be greater with the development of smarter transport systems.

Local authorities would be inclined to cooperate in the creation of a national land use data base if the practical outcome was improved transport planning.

Public transport planners, operators and investors would also benefit from such a data base, which might be seen as a relatively low cost first step in having a national transport planning system which works.

Finally, in some situations the better utilisation of existing rail resources should be factored into consideration of the relationship between land use planning and transport, especially transport for individuals. The economics of rail use for freight clearly depend on high volume and significant mass. In the context of freight, railway systems are less relevant to land use planning.

### **Government Funding - Road Funding (Ref: P32)**

Many consumers believe they already pay handsomely for the road network. Many regard fuel taxes as a “user pays” system where they get only part of their investment returned to roads. Heavy vehicle users regard the taxes and charges they pay as contributing to road costs including, of course, the special heavy vehicle user charges.

When Federal, State, Territory and Local Governments are asked to justify their tax regimes, the provision of roads and transport are invariably highlighted.

Given these facts, in our judgement a general levy on road users would not be easily accepted by either private motorists or freight operators.

Any levy on country users would be most unpopular. In regional Australia, including many parts of the SEATS region, people have to travel long distances in the course of normal daily living – to get to work, school, professional services, shops and so on. They do not have options of public transport. They use cars out of necessity rather than convenience. In that context, any road use levy would be judged by rural and regional communities to be both unfair and punitive.

While the situation is different in urban areas where there are public transport options for commuters, a levy would be no more popular. We have a culture of car use. For many the car represents status and independence as well as convenience. Cars and city parking form part of the salary package in both the private and public sectors.

If we are to consider congestion pricing and other strategies to moderate demand, we must be prepared to invest in public transport, to address the needs and concerns of potential passengers and encourage citizens to understand the cost to them and their communities of the car culture.

The English professors noted the absurdity of public policy which purported to promote public transport at a time when rail fares were rising and car costs were coming down. We need to avoid such inconsistencies and that will require policy-level cooperation between jurisdictions.

The road users, indeed the travelling public, need to be able to distinguish quite clearly between strategies for reducing demand and strategies for raising revenue. Strategies for reducing demand need to be accompanied by strategies for servicing travelling need by other means, especially the use of public transport, the provision of cycle ways and pedestrian routes, and the provision of convenient decentralised no cost parking near terminals for efficient train, tram and bus services.

The difficulty for Australians is that traffic management (and therefore demand management) is often a local government responsibility, public transport is largely the responsibility of State Governments operating in conjunction with the private sector, and national transport planning, particularly where the long haul freight task is concerned, is of particular interest to Federal authorities.

The conjunction of their interests is the road network.

Given that in general, more roads generate more traffic, there is a strong economic argument for Commonwealth and State strategies which reduce demands for more roads in some areas, so that the investment can be concentrated in other areas where funds can be used more strategically.

The other aspect of this is that the more road users are asked to pay, the more they have a right to expect their perceived needs to be met. Is it reasonable to ask road users to pay more to tackle a problem that is only going to get worse as a result of their additional investment?

The three spheres of government must be honest in acknowledging the nature of our national transport dilemma. They must also cooperate in seeing that the travelling public and the freight operators also understand these issues.

In short, consumers will only accept additional contributions if they get additional benefit.

This brings in the question of private sector investment in road infrastructure. The fundamental principle of private sector investment is that it must generate a worthwhile return to investors.

The Melbourne ring road system is generally perceived to be successful, not because parts of it (CityLink) are privately run, but because a driver can get to the destination far more quickly and without interruption. The benefit is enhanced by the E-tag electronic toll collection system which many users find convenient. Many road users support such private sector initiatives for so long as they are getting value for money.

SEATS supports the use of toll-ways where they produce an unambiguous long term benefit to the road user – a benefit which is beyond that which would be expected from the normal road system. But we would caution against the use of toll-ways as a back-door method of raising taxes.

The use of toll-technology to facilitate freight movement deserves consideration. In some cities, lanes are reserved for public transport vehicles as a strategy for encouraging commuters to leave their cars at home. This principle, with the facility of ITS technology, has been applied overseas to expedite freight movement.

The significant cost of delays for heavy vehicles -- a cost measured in terms of man hours, inefficient use of expensive equipment, production delays, forwarding delays, longer turn around times, pollution, noise and so on – could be alleviated if freight vehicles had exclusive rights to specific lanes in areas where congestion is seriously adding to real costs. Freight operators may be prepared to pay for such accelerated movement using electronic toll and monitoring systems, if the increased efficiency impacted sufficiently on their bottom line. Again, such a strategy would need to be associated with a suite of measures to manage general transport demand.

Professor Goodwin made two observations relevant to payment and demand management:

*“... We (i.e. the 28 Professors) all agree that efficient road planning depends strongly on a clear understanding that there will have to be active policy intervention to manage demand for road space at congested times and places. Without this, the benefits of any infrastructure expansion would be substantially eroded by extra traffic, disappointing car drivers and non-drivers alike*

And

*”Some (of the Professors) argue strongly for the central importance of pricing, and others for the central importance of physical planning and control of the network ..... There are differences in the relative importance, and that will result in different decisions in different places ... which ... is fine*

In summary, we think an indiscriminate and general levy on all road users is just a tax, like fuel taxes. It would be unjustified and unacceptable in regional Australia and unlikely to win favour in urban Australia. Tolls and congestion pricing are legitimate tools to be applied judiciously in different ways and at appropriate places. In considering their use, other tools need also to be considered, including those which reduce the demand for expenditure on new roads by improving public transport.

***At page 37 the Green Paper asks for views on the means of achieving more efficient and effective pricing of rail and road transport services?***

Although rail is not effectively servicing much of the SEATS region, we would encourage its development. We would encourage efficient pricing arrangements leading to different modes competing on a more even basis, provided the need for inter-modal co-operation is not compromised. Infrastructure investment is both high cost and long term. Competition between different modes operating in parallel but without the volume of business to sustain both could waste valuable resources and undermine the efficiency of the dominant mode.

SEATS supports in principle the NRTC review of mass-limits for heavy road vehicles and the proposed consideration of a variable mass-distance regime. Our support is qualified by knowledge that the current system raises revenue without delivering solutions to the transport problems of the south eastern corner of Australia.

Some SEATS members are concerned with the concept of charging based on distance and weight. They are concerned that it could disadvantage rural industries in comparison with city based businesses and help to ensure that rural areas may not be able to diversify away from rural based or agricultural based industry sectors. These concerns are genuine. The NRTC needs to be aware of the concern and to ensure that any new formula is seen to be equitable in this context.

Heavy vehicles operating in the SEATS region, and the industries they serve, are seriously disadvantaged because the mass and length limits applying in NSW are different to the mass limits applying in Victoria. This government-led inefficiency adds up to \$200 per journey for operators. The impacts are felt right through to the transport chain to trailer manufacturers, who have to build different equipment depending on the likely destination of the trailer purchaser.

SEATS accepts that heavy vehicles do the most damage to roads and understands that B-doubles are engineered to be more road friendly in most circumstances, as well as offering economies of scale. But much of the SEATS region is denied the benefits of B-double economies because of a small number of bridges and alignments on the Princes and Kings Highway. The region's vital dairy products industry, as well as other interstate trade, is threatened because heavy rain closes the Princes Highway at the low level Pambula Bridge.

So despite the charges levied on heavy vehicles, the existence of the NRTC and the co-operation of the spheres of Government through the ATC, the current system allows the absurdities listed above to continue.

So our views on “*the means of achieving more efficient and effective pricing of rail and road transport services*” are tempered by the fear that more efficient and effective pricing in both modes will raise funds more equitably, but that those funds will not be distributed equitably to address the really basic needs of this highly productive region.

Having made that point, we cannot deny the logic of the proposal to expand the role of the NRTC.

On page 38, the Green Paper asked *how the strategic use of technology might be fully integrated into the future transport planning system?*

The strategic use of Intelligent Transport Systems to facilitate justified toll-roads, as a device for regulating demand or facilitate the movement of freight vehicles as part of a larger strategy, is supported. The technology is not the issue. The manner of its use can be.

While we would have to be convinced of the merits of applying ITS to local roads, SEATS believes that the nation's transport challenge is such that all potential sources of knowledge and wisdom should be explored.

On Page 39 the Green Paper asks for views about *the proposed possible responses to the challenges in transport infrastructure?*

We agree with the challenges identified, but as already explained, we believe it is important to factor in the total management of the transport system.

The total transport system is a shared responsibility between the three spheres of government.

### **Chapter Three - A NEW FRAMEWORK – AUSLINK**

The elements *comprising the National Land Transport Network* proposed on P45 of the Green Paper are appropriate. However there is underlying the proposal a continuation of that element which makes the Australian transport network so difficult to manage effectively.

That difficulty flows from the mind-set which has decision makers in each sphere of government making decisions on separate projects according to their responsibilities, annual budgets and electoral priorities.

Officials in each jurisdiction quite properly work to the priorities and decisions of their Ministers who make judgements according to their own responsibilities. This is the way the Westminster system must work but in a Federation it fragments the management of the national transport task. The decentralisation of transport management is important to achieve efficiency, but that efficiency can only be achieved if the components are operating within a consistent framework. While the ATC, Austroads and the NRTC are all contributing to the development of this framework, as a nation we have a long way to go.

The problem is exacerbated because no sphere of Government can provide enough funds to meet current transport needs. As the Green Paper points out, the total freight task is expected to almost double in the next 20 years, the urban transport task is growing at an annual average growth rate of 1.3 percent and the non-urban annual growth is 2.9 percent.

With funding shortfalls in all spheres, Commonwealth and State Governments are tempted to exercise both cost shifting and blame shifting strategies. There are many examples of Commonwealth Governments shifting blame to the States by offering a 50-50 cost sharing arrangement, regardless of the implications that extra impost would have on the State budget. And there is a growing tendency of the States to retaliate with the same strategy.

The net result is that networks break down, low cost projects become political footballs and production and distribution costs are increased.

Modern economies operate on a “just-in-time” basis. To quote Professor Goodwin again, “*A just in time economy just cannot afford to live on the knife edge of break down at any time*”.

The most obvious example of the breakdown in the system in the SEATS region is the Pambula Flood Plain Bridge, mentioned earlier.

In Canberra a small wooden low-level bridge on the far south coast of NSW is of no consequence. In Sydney, a small wooden bridge on the far south coast of NSW is of minor importance given the magnitude of other transport problems, such as high vehicle per day log-jams in metropolitan areas. In Melbourne the issue is irrelevant, being a NSW responsibility.

In Gippsland and the Bega Valley where every heavy rain threatens a break-down of the Highway, a real concern emerges about the impact this will have on the cost of production and distribution of dairy products. Agreement between Bonlac and Bega Cheese has led to a significant increase in milk being transported from Gippsland to Bega and an even greater volume of cheese being sent to Victoria and points beyond. A major expansion of cheese production by Bega Cheese with produce destined for important new markets in Australia and overseas, is being compromised by the failure of the Commonwealth and State Governments to find the \$10 million to overcome this problem. The failure has become a symbol of the inadequacy of the nation’s transport management.

This example deals with one, albeit locally vital, industry. The problem of the Pambula flood plain bridge is also a threat to other industries, including tourism, timber and fishing, and causes serious social disruption. The proposed National Land Transport Network needs to be able to address Highway breakdowns of this magnitude.

Later we will discuss the importance of the National Land Transport Network being based on regional building blocks. We believe Commonwealth, State/ Territory and Local Government and transport industry representatives should be involved in the development of their “local” segment of the national plan. Those segments joined together would form part of the national matrix upon which a national transport plan can be built.

On Page 53 the Green Paper asks *whether an element of AusLink funding should be separately earmarked to foster research and development for future technology solutions. If so, how should the private sector contributions be facilitated?*

SEATS believes that the need for improved research into all aspects of transport planning and management is beyond question. With the transport sector accounting for 4.9 percent of total economic activity, and contributing directly around \$31 billion to the economy in the last financial year, our failure to invest adequately in research and development is inexplicable.

We note in passing that despite the size and importance of the industry and its impact on the life of every Australian, there appears to be no Cooperative Research Centre covering land transport issues of any kind.

We are aware of research at different universities. We are certainly aware of the excellent work undertaken by the Bureau of Transport and Regional Economics. State authorities undertake and sponsor important research. Many of our members appreciate the practical research and guidance undertaken by the Australian Road Research Board. We also know of research projects funded through Austroads and the NRTC.

We are not in a position to judge whether these existing mechanisms are adequate or whether they could be vehicles for fostering ITS research. We are therefore not able to judge whether a new mechanism should be set up under *AusLink*. However if the question is really about whether existing Commonwealth transport funding should be siphoned off into research, our response is that research funding should be significantly increased but not from the current roads and transport allocation.

On Page 55 the Green Paper asks *what a reasonable minimum threshold value for a project proposal would be, above which it should be assessed to determine its potential internal rate of return as a private project?*

The question is posed after some discussion on the technique of “leveraging”.

We think the Commonwealth should rethink this question. We accept the notion of “leveraging” in the context of private sector contributions. After all, the job of the private sector is to earn a return on capital for shareholders and it will make independent judgements accordingly. And we do acknowledge that the private sector can sometimes see a need or opportunity and should never be discouraged from putting forward that idea to accountable governments.

But is this not an upside-down way of approaching land transport planning?

Would it not be better for Governments (including all spheres) to first have an idea of what is needed? Is there a danger in a proposal being promoted by the private sector because it will make money, and of governments accepting the proposition because it appears to make public money go further? And could this not lead to road users paying for something which, in terms of their needs, is at best second best?

We are dubious about the Commonwealth using the leveraging strategy in its dealings with elected and accountable State Governments. If the Commonwealth and a State or States agree to joint fund a project because it is in the national or State interest, and they do so as a cooperative arrangement between partners, that can be positive.

But the concept of “leveraging” implies a different relationship.

We would be uneasy about institutionalising a system where “horse trading” became a substitute for planning? We want to get away from a system where the power plays between governments, the decisions on who wins and who loses, might have little to do with priority transport planning needs. In long term transport planning, election cycles and alliances should not be able to distort national priorities.

While there is much to be said for the points raised under the heading of “*Encouraging reciprocal responsibility*” we think the question posed is premature. First Australia needs accountable Governments to determine the nation’s transport planning priorities. The next step is for a mechanism to be established so that Federal, State, Territory and Local Governments along with potential investors, can negotiate priorities and funding arrangements.

Governments at all levels have a major role to play in ensuring a stable transport system. The recent experience in Victoria illustrates that where private sector investment in essential services fails, Governments must come to the rescue.

Privatisation of transport infrastructure depends, among other things, on a large customer base, realistic bidding, sound management and Governments creating conditions in which the private sector can operate profitably.

In the Victorian case the British company National Express has given back to the State Government half of the suburban electric train service effective end December 2002.

Part of this is also the country passenger rail services including trains to Traralgon, Sale and the impending passenger rail extension to Bairnsdale.

The point is that transport infrastructure is so fundamental to the economic survival and development of Australia that if the private sector fails, the public sector must pick up the pieces. It follows that governments must recognise that the private sector does not offer a panacea to our transport system. Governments need to be diligent in developing privatised or joint venture solutions to transport problems.

On Page 59 the Green Paper asks if *AusLink* should *benchmark best practices planning, project development and evaluation and monitoring techniques*

We agree with the thrust of the section arguing for “Improved and Consistent Evaluation” and believe the methodology and data should be available to all spheres of Government.

Such a facility could address some of our concerns about the leveraging question.

Whether *AusLink* is the appropriate mechanism for such benchmarking depends largely on whether it is a national land transport planning mechanism or merely a Commonwealth funding mechanism.

## **Chapter 4 AUSLINK – A NEW APPROACH FOR LOCAL GOVERNMENT AND TRANSPORT INFRASTRUCTURE FOR AUSTRALIA’S REGIONS**

AND

### **Chapter 5 IMPLEMENTATION AND FUTURE DEVELOPMENT**

The Green Paper accurately describes the existing funding relationship between the Commonwealth and States and outlines a number of Commonwealth programs which are strongly supported by, and supportive of, Local Governments across the nation.

In considering changes to the current funding system, the Commonwealth must be careful not to interfere with either the democratic or management integrity that forms the basis of our system of Local Government. There are risks in devising schemes which might interfere with the way Local Governments reach decisions about what money needs to be spent where and when.

Local Governments are elected by citizens and are accountable to them. They operate in a different sphere, on a different scale but with greater detail, and should not be regarded by the Commonwealth as subordinate or insignificant.

Local Governments are established under State/ Territory legislation and operate within frameworks determined by State Governments and State Parliaments. While many in Local Government would opt for the administrative simplicity of having funds channelled to them direct, rather than through State administrations, any bi-passing of the State/ Territory administrations should be done with their agreement.

Local Governments across Australia have been searching for ways to work together to tackle the universally difficult problem of regional transport. The co-operative efforts between Local Government and the Queensland, South Australian and West Australian State Governments are all examples of the kind of co-operation essential to an efficient national transport system.

The *Queensland Local Roads Alliance definition of a local road of regional significance* is supported by SEATS.

We will leave most questions on Local Government funding issues to individual members of SEATS to respond to in detail. We have already made the point that road funds to Local Government cannot be cut or reprioritised in an indiscriminate change to current programs without putting at risk the maintenance of existing road assets.

#### **A Different Approach to AusLink**

SEATS would like the Commonwealth to consider a better way to approach the AusLink agenda, an agenda which to a large extent we support.

The approach we recommend is predicated on some important changes to some of the assumptions behind the *AusLink* Green Paper.

We want to look at the issues raised in these two Chapters by responding to the invitation on Page 81 of the Green Paper to suggest *measures to improve integration of transport infrastructure planning by the different levels of government*.

Consider these facts:

- There is not enough money in any sphere of government to meet the nation's current transport needs
- It follows that the projected increase in the transport task over the next twenty years prohibits the development of transport infrastructure on a 'predict and provide' or any generous growth oriented arrangement
- The skeleton of a national road and railway network already exists, but it does not serve important and productive regions such as the south eastern corner of Australia
- There is no national land transport plan that involves or allows each region to relate to that skeletal network and there is no strategy to encourage regions to build on the national framework
- While the transport task is not fragmented in the sense that one set of problems finishes at one State boundary and a new set of problems commences over the border, the administration of our transport system is fragmented. The problems on the Princes Highway at Genoa (Victoria) are related to the problems at Eden (NSW), 40 kilometres away. If issues are to be tackled, they must be on a regional basis transcending State and Territory borders. Local and regional priorities must be factored in.
- We have a private car culture in Australia. We know that the more roads governments provide the more cars will use them.
- A national transport plan which is created out of project funding will not solve the nation's transport problems. The process of developing a case for an individual project distorts the transport planning issues, encouraging proponents to advocate a solution outside the planning framework.

## **The AusLink Flaw**

We ask the Commonwealth to review its thinking on an important process issue – a process which reveals a fundamental flaw with the *AusLink* approach.

We refer to Figure 11 – the AusLink Planning and Funding Cycle on Page 78.

It is clear from Figure 11 that the Commonwealth proposes to perpetuate the "application and grant" process. It is a process which wastes time, wastes money, wastes valuable information and ensures that some good ideas and potentially important approaches end up in the dustbin.

The “application and grant” process absorbs sometimes hundreds of man hours in each of the applicant organisations involved. This includes the time and resources of senior Local Government officers who usually have considerable knowledge, experience and wisdom.

If State Government agencies are involved, similar resources are committed.

If the private sector is involved, similar resources are committed.

When the application is finalised it goes to a process at Commonwealth level. Officers without an appreciation of the knowledge of the proponent’s deliberations or the context in which the project has been developed begin a process of separating and prioritising applications, testing not so much the merits of the proposals but the way they match the guidelines and other less transparent judgements. Their short lists are referred through a series of senior officers until final recommendations are forwarded to the Commonwealth Minister for decision.

If, hypothetically, 10 in 100 applications are successful:

- 90% of the accumulated time and data collected is wasted
- Unsuccessful projects are mothballed and their proponents disheartened. Rejection is taken as rejection and only the most stoic have the energy to try again.
- Creative ideas or ideas which might be developed into something important if teased out, are lost
- *AusLink* has lost a wonderful opportunity to add to and build on the national land transport data base

The reasons for rejections will range from

- not sufficient funds
- not fitting the exact guidelines (perhaps because the guidelines are not flexible enough to an emerging issue to be addressed)
- the significance or language of the proposal is misunderstood
- the officers vetting the grants may have a professional bias
- funding in a particular region at that particular time might be judged to be “impolitic” because of some tension or political issue which has nothing to do with the merits of the project itself.

This project application and assessment process will do little to advance transport planning in Australia. Rather, for the reasons outlined above, the process will undermine the concept of a National Land Transport Plan.

Back, then, to the alternate regional building block approach.

## **REGIONAL BUILDING BLOCKS FOR TRANSPORT PLANNING**

SEATS advocates agreements negotiated initially at a regional level involving Commonwealth, State, Local Government and industry representatives. We think this approach is superior to bilateral agreements between the Commonwealth and groups of Local Governments or bilateral agreements between the Commonwealth and States.

The initial agreement is not about funding, but rather about regional needs, priorities, aspirations and directions.

The task of the regional grouping would be to develop a regional module of the National Land Transport Plan. The group would look at the region's relationship with existing national transport infrastructure networks, would identify the break points, opportunities, the transport implications of forward planning elements of State and Local Government authorities, and the priorities and strategies needed to address both the deficiencies and the expectations.

This should not be seen as a hugely complex or time consuming exercise. Because of the extent of local knowledge of Local Governments, especially when they work together, and because the local freight industry and other transport users have a very clear understanding of the needs, the priority inter-regional infrastructure issues can be identified and assessed over a couple of months.

The SEATS priority program<sup>3</sup>, which covers parts of Victoria and NSW plus the ACT, provides an example of the kind of planning we envisage being built into the national data base, which would then become a comprehensive document which all could access.

The aggregation of the regional plans would provide the Commonwealth and States with a sound base for planning and an opportunity to understand what the priorities are, where pressures are developing and the options for dealing with them.

Projects which will not contribute to the National Land Transport Plan because they are too parochial, or need further development, would not be accepted as contributing to the national transport plan.

On the other hand, all projects which do contribute to the National Land Transport Plan in the forward planning context would be identified and endorsed. The importance, legitimacy and benefits of these projects would be acknowledged. They would be eligible for consideration for funding.

Further, when circumstances change, the planning structures would already be in place for an appropriate response.

For example the January 2003 bushfires in the ACT have deprived industries in the Tumut region of essential raw materials for their mills and factories.

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<sup>3</sup> See Attachment 3

One option might be to get raw material from the forests near Oberon (NSW). The logistics of delivering that product to Tumut are a challenge, but one which might be overcome with the quick re-commissioning of the Tumut-Cootamundra railway.

Projects which have been accepted as part of the National Land Transport Plan would still have to compete, of course, but it would be competition for priority funding in the current implementation phase.

Funds would be distributed on a formula to be developed which included transport need, development opportunity, systems break-down or threat of break-down, regional equity and so on.

The decision to be made by AusLink, supported by the three spheres of government and by industry, would not be “what from a disparate list of unrelated projects should be funded” but “which from a range of approved projects is most important to do next”.

In some cases a State or States will agree to fund a project from within the plan, reflecting their own responsibilities and sovereign rights. Projects funded and completed with State/ Territory funding would be reflected in the National Transport data base and be part of the National Land Transport Plan.

Local Governments as single entities or working with neighbours will decide cooperatively to fund projects rather than wait, perhaps with contributions in appropriate cases from regional enterprises.

Similarly, in some instances local or regional industry groups might be prepared to invest to upgrade the priority of an approved project.

As a joint SEATS/ ALGA project in 2000 demonstrated, the private sector would be more likely to contribute to local projects if there was an appropriate joint funding mechanism which enabled contributions to be made to a specific project fund. AusLink or the States could provide such a mechanism.

The use of taxation incentives to encourage such private sector inputs has been previously suggested by SEATS.

Other projects, once considered in the context of the national land use plan, might well attract private sector investment, especially if the contribution mechanisms and tax incentives were established.

Decisions made on remote judgements about the merits of a specific project and the waste of resources in developing futile applications would no longer be a feature of our national transport planning or funding processes.

If the concepts for research development and the use of technology canvassed in the Green Paper are implemented, many of those priorities will be self selecting. So too will be projects, strategies or approaches which deserve research and development attention.

The linkages and connectivity so important to transport will be easily identified.

On page 85, the Green Paper asks *how the strategic approach to maintenance funding can be improved.*

SEATS is not aware of any easy answer to this. The fact is that every dollar spent on new infrastructure carries with it a commitment to fund appropriate maintenance. Failure to provide those maintenance funds leads to an irresponsible waste of public money. Local Governments, as managers of 85% of the nation's road length, are acutely aware of this. Many do not have sufficient funds to meet their obligations in this regard.

The Commonwealth's *Roads to Recovery* program provided a timely injection of funds for many Councils which would otherwise been helpless in dealing with asset decline.

The importance of asset management was not understood when the majority of local government roads were built decades ago. The financial commitment is probably little understood by the majority of contemporary transport users. It is an issue worth attention in any attempt to improve public understanding of the nation's transport task.

On Page 88 the Green Paper seeks support for the proposed key principles for *AusLink*. SEATS supports the proposed key principles for *AusLink*, but with several reservations.

- (6) The concept of competition between modes is fine where there is sufficient demand for competing systems. Because the Australian market is relatively small, decision makers should be cautious in assuming that all competition in the transport sector is unquestionably good. The bottom line is that Australia, and Australian regions, need an efficient transport system.
- (7) Reciprocal responsibility: Australians are exceedingly frustrated by the tendency of spheres of government to shift blame. Reciprocal responsibility should not be drawing lines between who is responsible for what. Rather it should be based on the fact that all spheres of government are pressed for the transport dollar, and can only get value for money by co-operation at regional level.
- (8) Australia needs to get consistency in planning and decision making through a process of comprehensive data collection, not through the accepting or rejection of grant applications.

As part of the reform process, the 1991 Roads Agreement needs to be re-negotiated taking into account points such as those made in this submission.

Pages 89 to 93 of the Green Paper deal with the *Identification and development of the National Land Transport Network*.

South eastern Australia – that area east of as line between the City of Greater Dandenong, the ACT region and Shoalhaven Port Kembla—is ignored in the draft list of “*Corridors of Critical Importance for National economic growth and development*” and “*Corridors of critical importance for regional economic growth and development*”.

**This region does not warrant such oblivion.**

It needs to be recognised that

- The section of the Princes Highway between the Latrobe Valley and Melbourne is identified by Vicroads<sup>4</sup> as one of the busiest freight routes in Australia.
- The movement of food and rural products from the Mitchell/ Snowy region of east Gippsland to the adjacent lower south coast region of NSW is the largest single road movement of agricultural and rural products out of Victoria<sup>5</sup>
- The Princes Highway is a 'corridor of critical national significance'. It connects capital cities, is a significant freight corridor, links inter-modal activities like airports and seaports, linking significant production and distribution centres and is an important tourist route
- The development of the Monaro Highway from Cann River to the ACT region and beyond provides a vital and increasingly important corridor which obviates the need for heavy vehicles working in the south eastern region of Australia to travel through Melbourne
- The area of Princes Highway between Nowra and Port Kembla carries a significant and growing traffic load. Serious congestion is already an issue.
- Port Kembla is recognised as a significant port south of Sydney. Given appropriate land transport, produce from south eastern and south western NSW and eastern Victoria can use this port, avoiding the growing congestion of Sydney.
- The Princes Highway between Cann River and Eden is critical to the future of the Bega Valley, which has undergone significant change as a result of dairy de-regulation and structural change impacting on the timber products and fishing industry. The NSW and Federal Governments have invested quite heavily in strategies to help south eastern NSW accommodate these changes, including the development of Eden Port. The Princes Highway is of critical importance to securing that investment, and the private sector investment associated with it.
- The NSW and Victorian Governments have asserted that the Princes Highway should be a Road of National Importance and should be noted as *Corridors of Critical Importance for National economic growth and development*.
- The South Gippsland highway should be included as a 'corridor of critical regional importance'.

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<sup>4</sup> National Roads in Victoria – Forward Strategy 2001-2002 to 2005-2006

<sup>5</sup> Route 1, Route 620 Corridor Strategy – Princes Highway East – Dandenong to the NSW border (Vicroads publication)

- Other SEATS priority projects (the Kings Highway, Main Road 92, etc) listed at Attachment 3 are significant regional links. The National Land Management Plan must be able to accommodate projects of this kind.

The issue of inter-modal freight terminals is significant to the SEATS region. Part of the role of such terminals is to enable containers and other bulk goods to transfer from road to rail, reducing congestion on urban freeways and offering economies of scale in the production train.

SEATS believes that the inland port at Morwell and a possible inter-modal terminal; somewhere between Cootamundra, Gunning or Yass would both flourish with the establishment of the *AusLink* philosophy. The inland port at Morwell is struggling to survive in current circumstances, perhaps reflecting the absence of the inter-modal efficiencies which should develop through a National Transport Management Plan.

SEATS believes the development of the port at Port Kembla is of national significance. Deep-water ports at Western Port and Barry's Beach (Victoria) and Eden would emerge in the regional based strategy proposed by SEATS as resources of longer term significance.

We note that the Green Paper says: *The Government is conscious of the inherent differences between states and territories and the proposed AusLink network may not incorporate important unique circumstances that have national importance. Input is welcomed in this regard.*

We appeal to the Commonwealth to review its thinking on this issue. State boundaries do not mark *important unique circumstances*. Regional variations do. If we are to have an efficient national transport system, State and territory borders must become "seamless" in terms of transport planning and operations. The importance to transport efficiency of co-operation with the States and cooperation between the States cannot be exaggerated.

In the SEATS region, the impact of the Victorian-NSW border between Bega Valley Shire and East Gippsland Shire is profound. Each section is seen administratively as being at the far end of the transport process, when in truth it should be recognised as the centre of a major primary production belt dependant on efficient transport.

The timber industry based around Tumut/ Tumbarumba is similarly disadvantaged because of the fragmented and incompatible transport systems and regulations across State borders.

The Green Paper says that different circumstances exist in different States. The reality is that fixed State borders do not (or should not) mark the differences. The differences are between regions in different States and are caused by a range of geographic, social, environmental and economic factors. This fact has to be recognised in developing a National Land Transport Plan.

## CONCLUSION

On Page 95 the Green Paper says: *The Government has not yet resolved the range of issues that could effectively be included in a National Transport Policy. The Government invites your views on what it might usefully encompass*

SEATS views are canvassed in the above responses.

In summary, these are:

Australia needs a 20 year vision backed by rolling five year implementation

National Transport Policy needs to be based on recognition that no jurisdiction has the financial resources to provide the optimum level of transport infrastructure. The best possible outcomes will only be achieved through cooperation and co-ordination.

The opportunity provided by AusLink will be lost unless there is a significant increase in transport funding

National policy needs to recognise, as the English professors found, that: *if the supply of road capacity is not going to keep pace with unrestricted traffic increases – and it will not – then we must manage demand in such a way as always to keep it at that level, below maximum capacity, which is consistent with efficient operation.* That is demand management must be part of the solution to our national land transport problem.

National transport policy needs to recognise the region as the basic unit of transport planning. The composite of these units presents a national base from which relevant national policy can be determined.

It follows that national policy should not be based on the very unreliable and extraordinarily wasteful system of “applications” followed by selective “granting”.

And national policy settings should be able to recognise that sometimes the small breakdowns in the system, and small developments, can have significant consequences for regional development of national importance

National policy should encourage the involvement of the private sector in planning as well as investing, but should never lose sight of the fact that governments are accountable for the efficiency and effectiveness of transport networks upon which our economies depend.

Finally, members of SEATS look forward to working with AusLink in the transport reform process. We leave you with the observation that the SEATS region is a significant, productive and diverse area in the south east corner of Australia. Its importance was not recognised in the AusLink Green Paper. We trust that as AusLink evolves this oversight will be corrected.