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Ministerial Inquiry into Public Passenger Transport
C/- Transport Co-ordination Authority
GPO Box 1620
Sydney NSW 2000

Or by email to inquiry@transport.nsw.gov.au

Dear " Inquiry"

re **MINISTERIAL INQUIRY INTO NSW PUBLIC TRANSPORT**

The Society notes with interest the interim report of the Inquiry, and would ask that this letter be received as a supplementary submission.

The views of the Inquiry on the need to address road pricing are appreciated, and we hope that these can be given some support by Government. We are also generally supportive of the draft recommendations for rail fares. However, we consider that more attention needs to be given to the following issues in the final report.

1. Section 2.3 of the interim report on page 8 briefly discusses the role of the Commonwealth in urban transport, with comments including:

"In the past the Commonwealth has contributed funding to urban public transport infrastructure. Examples are the extension of the East Hills rail line in the early 1970s and the Merrylands to Harris Park 'Y' link in the 1990s under the Building Better Cities program. However, the Commonwealth's Green Paper on the proposed national land transport plan released in 2002 was criticised by NSW transport agencies for failing to consider future funding for urban public transport. The Railway Technical Society of Australia also comments that: *'[The Government's] AusLink proposals are commendable, but glaring omissions, such as the lack of funds for urban public transport and mainline*

track straightening near Sydney, demonstrate the lack of understanding of the seriousness of transport issues in [Greater Metropolitan Region].' "

The influence of the Commonwealth on urban transport is important, and may well warrant more attention in the final report in the following areas:

- A. An appendix to give a complete list of earlier Commonwealth contributions of funding to urban public transport infrastructure within New South Wales, also their contributions to urban roads within NSW.
- B. Comment on the past and a potential role for the Commonwealth - some brief notes are attached as Appendix A
- C. Comment on Federal support for urban public transport in other Federations - including the United States and Canada. As noted in our main submission, about 20 per cent of United States Federal funding of land transport goes to mass transit.
- D. Comment on the role of the Commonwealth in taxation measures that actually encourage urban road vehicle use, and discourage use of urban public transport.

2. On page 135 re Possible future investments in transport infrastructure a comment is made"

"Upgrades to existing rail lines, including lines to Newcastle and the Illawarra, to increase the frequency of intercity services in line with population growth and to reduce travel times. These, along with other investments aimed at creating faster services, would cost an estimated \$2.55 billion each year or \$51 billion over 20 years."

The final report could well address in some detail the need for track straightening as identified in the Action for Transport 2010 report in 1998 between Berowra and Warnervale, and between Waterfall and Thirroul, plus, other locations such as the Wentworth deviation between Menangle and Mittagong (as raised in our submission).

We would also invite clarification of the reference *to "Upgrades to existing rail lines ... would cost an estimated \$2.55 billion each year or \$51 billion over 20 years."* This is a lot of money, which we suggest would deserve several pages of explanation rather than a few lines. We would also welcome an expansion of the 2001 reports prepared by Mr Ron Christie when Co-ordinator General of Rail of the attributed estimate of capital requirements over the next 10 years (?) of about \$20 billion, plus \$2 billion for rolling stock.

3. As per our main submission, the NSW Government could be doing much more to improve advanced planning of infrastructure upgrades - not only for the metropolitan network, but also mainlines serving interstate freight and regional NSW. This need for

advanced planning has been heightened by the NSW Infrastructure Report Card released on 4 August 2003. We hope that the final report can acknowledge the NSW Infrastructure Report Card, and its main findings for rail Rail which was given a D rating with the comment:

While there have been a number of recent initiatives which are reforming rail management and increasing investment, the future of NSW rail remains uncertain. Inadequate funding and capacity problems of the Metropolitan Network are major issues.

The delay in resolution of the ARTC proposal and the consequential delay in improving the Sydney- Melbourne interstate line is of concern. The provision of public transport infrastructure to service NSW's growth areas remains unresolved.

At the launch the point was made about present generations living off the work of earlier generations. As noted by the media, the D rating shows room for improvement (eg Australian Financial Review, Friday 8 August 2003, Editorial '**Rail and other roads to ruin**' which includes: *The award for the most decrepit piece of nationally important infrastructure... goes to the NSW rail network, which is the core of the national rail freight network the Commonwealth is trying to draw together as part of its Auslink integrated land transport plan.*

4 We would urge the Inquiry in the final report to address the benefits of upgrading intercity rail services, rather than recommending their discontinuation. If Queensland can successfully introduce a passenger tilt train in 1998 on tracks upgraded for faster and heavier freight trains, and if Victoria can roll out Regional Fast Rail over the next few years, surely NSW can make some effort to improve intercity rail, rather than reduce services.

For example, services to the Northern Tablelands could be improved (rather than cut back) with track upgrades including:- the Berowra -Warnervale upgrade promised in Action for Transport 2010 for 2007 (at least the Final Report could get this project 'Back on Track'); a Fassifern Hexham bypass that would also save time for passenger and freight trains and a new rail tunnel via the Little Liverpool Range (at least one could be planned for NSW as indeed a rail corridor has been protected for the crossing of the Little Liverpool Range in Queensland between Grandchester and Gowrie).

The Queensland tilt trains (electric and diesel) are also of interest in that they demonstrate that people are prepared to pay increased fares for improved levels of service.

5. The RTSA would like to see a commitment to completion of a new Waterfall-Thirroul route, and would trust that a full response is made to the recently released recommendations for the care and maintenance of the existing Stanwell Park Viaduct.

6. The Society would also encourage the Inquiry to make a reference in the Final Report to proposals for the 48 km "Wentworth" deviation between near Campbelltown to Mittagong that was noted in an Australian Rail Track Corporation (ARTC) 2001 Track Audit. This would reduce point to point distance by about 20 km and save freight trains an average of 19 minutes. At an estimated cost of \$218 million, protection of this corridor for a rail deviation should have been undertaken years ago.

7. The Society notes the brief reference on page 33 and section 3.4 re 'The potential for expansion of light rail', and hopes that the Inquiry can give more information about the existing operations, and take a more positive view of its potential for future expansion.

Please contact me if further information is required.

Yours sincerely,

P.G. Laird

APPENDIX A TO RTSA SUPPLEMENTARY SUBMISSION TO NSW MINISTERIAL INQUIRY INTO PUBLIC TRANSPORT

Excerpts from *Rail and urban public transport: Commonwealth funding and policy issues* P G Laird, Research Paper No.12, 1994

Department of the Parliamentary Library, Parliament of the Commonwealth of Australia

Introduction re public transport

In regards to urban public transport, there is no specific provision made for it in the Australian Constitution. Prior to the *States Grants (Urban Public Transport) Act 1974*, there was little or no Commonwealth funding urban public transport except within the Australian Capital Territory and the Northern Territory. The Act ratified an agreement between the Commonwealth and States to upgrade urban public transport in major studies for the Commonwealth to provide two-thirds of the cost of approved projects. This program had been preceded by a report on urban public transport prepared in 1972 by the Bureau of Transport Economics (BTE - *Economic Evaluation of Capital Investment in Urban Public Transport*, which identified no fewer than 24 projects estimated to cost an estimated \$300 million, and was followed up with other BTE reports including *Urban Transport: Capital Requirements 1977-78 to 1979-80*, A.G.P.S. Canberra, 1977) at the request of the Australian Transport Advisory Council (comprising Commonwealth and State Transport Ministers). However, the decision for the Commonwealth to enter this field was a further land transport initiative of the Whitlam Government, where the Prime Minister's December 1972 policy speech had noted (Australian Transport, 1973-74 Annual Report of the Department of Transport, p3) a "...recognition of the need for national Government to accept a share of responsibility for the public transport systems of Australian cities. This was essential if the serious deterioration in our urban environment attributable to over-reliance on the motor car as a means of transport was to be overcome."

Commonwealth funding of urban public transport was continued under the Fraser Government by passage of the *States Grants (Urban Public Transport) Act 1978*. Although this Act provided for expenditure to 1983, the program was terminated in 1981 with an increase in general purpose grants [to the States]. The *Australian Bicentennial Trust Fund Act 1982* allowed part (initially up to 25 per cent) of funds provided for Urban Arterial Roads could be used for approved capital works for urban public transport.

The Hawke Government continued these arrangements to December 1988. Similar provisions were made under the *Australian Centennial Roads Development Act 1988* where, at the request of a State Government, funding of urban public transport, could be made in place of funding of urban arterial roads. Under the Australian Land Transport Development program, further financial commitments for urban public transport were made for three years to June 1993. Since then, no funding, at least for new projects, has been provided for urban public transport programs administered by the Commonwealth Department of Transport.

The provision of urban public transport has been also assisted by the Commonwealth through its 'Building Better Cities' program. This program, as announced in the August 1991 budget, will provide grants to the States totalling \$816 million over five years by a number of 'area strategies' to improve land use in certain urban areas.

Commonwealth expenditure on urban public transport

Like roads, there is no specific provision made for urban public transport in the Australian Constitution. Unlike roads, where Commonwealth funding commenced in 1922 with a loan and in 1923 with a grant, there was no Commonwealth funding Urban Public Transport except within the Australian Capital Territory and the Northern Territory until 1974.

We have already noted that the election of the Whitlam Government in 1972 resulted in a major attempt to make significant changes in transport in general and urban public transport in particular: also, how this had been preceeded by a report of the Bureau of Transport Economics recommending Commonwealth funding.

The *States Grants (Urban Public Transport) Act 1974* ratified an agreement between the Commonwealth and States to upgrade urban public transport in major cities and for the Commonwealth to provide two-thirds of the cost of approved projects. Under this Act, as shown in Table 10, a total of \$188.3 million in current dollars was paid over four years [THIS DATA IS UPDATED IN TABLE C5 BELOW]. This was the largest of all Commonwealth programs for urban public transport since Federation to date.

The *States Grants (Urban Public Transport) Act 1978* provided for expenditure of \$300 million in current terms from 1978-79 to 1983-84. However, this program was terminated in 1981 when only \$125 million had been paid out (current dollars). Despite the States receiving compensation of an extra \$50 million in 1981 in general purpose grants, the termination of the Urban Public Transport program was objected to by all of the States except South Australia (as oer letters from all State Transport Ministers in 1981-82 to the former Community Transport Concern Association).

By way of compensation, the *Australian Bicentennial Trust Fund Act 1982* provided that part (initially up to 25 per cent) of funds provided for Urban Arterials could be used for approved capital works for Urban Public Transport; of which \$185 million was received until the close of the ABRD trust program in December 1988. The program was continued under the *Australian Centennial Roads Development Act 1988*, including \$34 million allocated (but not apparently expended) in 1989-90. Under the Australian Land Transport Development program, an amount of \$200 million was committed for

Urban Public Transport over three years to June 1993, with \$221.6 million apparently expended. Since then, no funding, at least for new projects, has been provided for urban public transport programs administered by the Commonwealth Department of Transport.

In the first seven years where Commonwealth tied funding was provided to the States for urban public transport, some \$236 million (about 75 per cent) was provided for rail based projects (Holthuyzen, F. *The finances and performances of Australia's railways*, 12th Australian Transport Research Forum, Proceedings, Vol 1, p 17-42, Brisbane. 1987). These projects included new rail rolling stock for Sydney, Melbourne, Brisbane and Adelaide, and modern high voltage electrification of Brisbane suburban lines (25,000 volts AC as opposed to 1500 volts DC used in Melbourne and Sydney). The trend to favour rail based projects continued through the 1980s under the ABRD program. The allocations from 1990 to 1993 included support for extension of rail electrification in Sydney and the Illawarra, and duplication of a Brisbane line along with modal interchanges, bus projects, and bicycle paths, with some emphasis being given (Department of Transport and Communications, Annual Report, 1993-94, p106) to "...outer urban areas which historically have been poorly served by public transport".

Although there has been an overall decline in non-urban (country, inter-city, interstate) rail passenger services, the five State Government rail systems offering urban rail services have seen an increase in demand throughout the 1980s. The largest increase was recorded by Queensland: from 28 to 49 million passengers (up 75 per cent). This increase was assisted by the electrification of the Brisbane rail network with new carriages from 1979 to 1988. Thus, the Commonwealth funding of urban rail transport has assisted in an increased in patronage during the 1980s. However, rail only accounted for about 5.3 per cent of all urban passenger transport on a passenger-kilometre basis in 1988, as against some 85 per cent by car, and 3 per cent by bus.

The provision of urban public transport has been further assisted by the Commonwealth through its 'Building Better Cities' program. This program, as announced in the August 1991 budget, will provide grants to the States totalling \$816 million over five years by a number of 'area strategies' to improve land use and transport in certain urban areas. One project is the Brisbane - Gold Coast high speed rail corridor that will receive \$73.9 million over five years whilst Victoria will receive \$64 million to assist public transport. The main New South Wales allocation of \$154.3 million is for the Transit West Area Strategy which includes rail works allowing direct Liverpool - Parramatta trains, bus priority measures and a new interchange.

Urban transport policy issues

In this Section, we examine why the Commonwealth may choose to continue to support selective urban public transport capital works. Issues of reform in urban public transport have also been addressed by the Industry Commission (*Rail Transport*, 1991 and *Urban Transport*, 1994) that has repeatedly recommended that rail authorities increase urban fares.

Many Governments accept subsidies for the provision of urban public transport, and make investments for expansion of services. Typical of the reasons advanced (Australian Land Transport Development Program, Review of Operations, Vol 2, 1991-

92, 1993, p63). are that "...Public transport can generate numerous economic and social benefits, ..." and meet national objectives including "...social justice and the environment."

The main problems facing provision of urban public transport services, along with low housing density and urban sprawl, is basically the high convenience and perceived low cost of owning and operating a private or company car. Raising of the price of petrol in the late seventies to then world parity prices, and a further increase in the late eighties, appears to have had little long term effect on car usage in Australia. Although some people restricted their highway driving in the late 1970s for a while (Department of Transport Annual Report 1979-80, Section on Energy and Transport, 1980, p16), and sufficient numbers of smaller and/or more fuel efficient cars were sold to improve the average car fuel efficiency in Australia, the demand for car travel has continued to increase. As a single measure, moderately higher petrol prices will do little to suppress demand for car use. As seen by the Senate Standing Committee on Industry, Science and Technology (*Rescue The Future: Reducing the Impact of the Greenhouse Effect*, Canberra, AGPS, 1991) "... an effective public transport system is essential to any strategy to reduce transport sector carbon dioxide. It is unreasonable to expect people to reduce car use and use public transport more unless public transport systems are improved significantly."

In regards to people moving, the situation was well summarised in evidence presented in 1990 to a United Kingdom Parliamentary Transport Committee by the Automobile Association : *"It is quite clear that the growth in car ownership and use which is forecast to occur over the next 25 years cannot be accomodated on the existing road network, particularly in urban and suburban areas. The demand for travel will, nevertheless, continue to grow in line with the real rate of growth of the economy and the consequent increase in the real average standard of living. It is essential therefore that people are provided with an alternative - either to use private cars, but pay high parking charges and suffer the problems and costs of congestion, or to use a reliable, efficient and inexpensive public transport system which is also safe and clean"*. The Automobile Association also stated that in some areas, Light Rapid Transit (LRT) systems can provide a suitable alternative to car use.

By European, Asian and North American standards, Australia's larger cities are behind in the development of LRT systems. At present levels of petrol prices, there is little incentive for private investment in LRT systems or heavy rail. It is desirable that more funding could be raised for urban public transport by petrol taxes raised at either a national, state or regional level. Newman, P., Kenworthy, J., Lyons, T., *Transport Energy Conservation Policies for Australian Cities*, Murdoch University, 1990 (p. xi) suggest that *"A decade of emphasis on rail funding is required after a decade of emphasis on road funding which has shifted out cities towards an excessive dependence on the automobile ..."*

The Railway Industry Council (*Rail into the 21 st Century*, A.G.P.S. Canberra, 1990) assessed an "Urban Rail Expansion" scenario and found that although this would increase deficits in real terms, the economic costs of extending and increasing urban public transport services are less than the estimated economic savings associated with the

reduced road use. There would also be substantial net savings in fuel consumption and fuel importation (about 11% in all cities). There would also be positive budgetary impacts as expenditure on road construction and maintenance along with reduced demands for health services. Given these findings, and the experience of the adverse effects of air pollution from motor vehicles in Sydney, it is not surprising that the New South Wales Government would prefer (letter to this writer) the Commonwealth to provide a structured program of Urban Public Transport funding administered by the Commonwealth Department of Transport: moreover, such a program would be "...*wholly consistent with Commonwealth Government policies relating to economic efficiency, social equity and environmental sustainability*". Similar such views were expressed by the Minister for Transport in Western Australia and Minister for Transport and Works in Tasmania.

Conclusions re public transport

In respect of urban public transport, Commonwealth funding to the States in programs administered by the Department of Transport that commenced in 1974 has been characterised by no fewer than two interruptions in funding in 1981-82 and 1989-90 with funding having ceased in 1993. A period of further investment over a decade at a level of at least \$100 million per year in a structured program is also warranted, with consideration given to the money being raised from petrol taxes.

Other expressions of concern

The Industry Commission 1994 Final Report on Urban Transport

The Chartered Institute of Transport (1998) Communique re oil security

Engineers, Australia (1999) Sustainable Transport; Responding to the Challenges

Senate Environment, Communications, Information Technology and the Arts Reference Committee (2000) 'The Heat is On'. Of the 106 recommendations made by the Committee, no fewer than 21 addressed transport greenhouse gas emissions and solutions.

It is also of note that the Prime Minister in a speech given on 20 November 2002 in Sydney to the Committee for Economic Development of Australia notes, inter alia, transport as one of nine national strategic concerns.

Excerpts from *Back on Track: Rethinking Transport Policy in Australia and New Zealand* (P Laird, P Newman, M Bachelts and J Kenworthy) UNSW Press 2001

From Chapter 8 *There is no reason why Federal land transport funding in the United States should be 20% on public transport and almost zero in Australia.* (p171).

This Chapter also contains a **ten point plan** for Australian land transport. The importance of public transport is shown by the fact that eight of the ten proposed measures involve urban public transport.

1. Road safety measures such as those in the National Road Safety Strategy 2001-2010 for Australia need to be implemented, with stronger provisions to further reduce the loss of life and injury on the roads. Shifting passengers to all other non-car modes whilst reducing the need to travel along with shifting freight to rail should be seen as part of road safety.
2. Vehicle technology needs to be regulated to world best practice for new vehicles, with high standards for maintenance of the existing fleet through vehicle inspections. Standards need to include reducing transport greenhouse gas emissions by 2010 to their 1990 levels.
3. All 'road funds' should be replaced by 'transport funds' and Australia should instigate a more democratic funding-allocation process like the New Zealand and United States process of Regional Transport Plans involving all local stakeholders linked to broad national goals.
4. All cities need to levy a CBD parking fee with proceeds used to improve urban public transport facilities.
5. All States need to ensure that their capital cities use congestion tolling on at least one major urban arterial road, and part of the National Highway System linking the city to an outlying urban area as part of a process of educating motorists of the real costs of transport.
6. All States, Territories and the Commonwealth need to increase the aggregate level of road cost recovery from heavy vehicles to at least 25 per cent of road system costs, with development of the New Zealand style mass distance charges in the populous zone of Australia.
7. The problems of continuing oil vulnerability and the full costs of transport fuel use need to be explained to the Australian and New Zealand public. Fuel excise needs to be progressively increased so as to recover all external costs of road vehicle usage and to allow for a reduction of annual charges for small energy efficient cars along with improvement of urban public transport and rail freight.
8. Agreed world best practice standards need to be set for delivery and coordination of urban public transport in major urban areas including high service delivery, the integration of land use, the development of public-private joint projects and fully integrated ticketing.
9. Federal taxation benefits need to be reduced for motor vehicle ownership and use, and improved for urban public transport use.
10. Formation of a National Bureau of Transportation Statistics needs to occur with the publication of accurate, comprehensive and up to date information on all modes of transport including energy use and greenhouse gas emissions.

Table C.5 Commonwealth expenditure on urban public transport

YEAR	Total UPT \$million - current dollars	Product Deflator	Index	\$million - constant 1998-99 dollars
1974-75	45	277	4.357	196.1
1975-76	33.9	323	3.737	126.7
1976-77	58.4	360	3.353	195.8
1977-78	51	390	3.095	157.8
1978-79	40	416	2.901	116.1
1979-80	40	456	2.647	105.9
1980-81	45	505	2.390	107.6
1981-82	0	562	2.148	0.0
1982-83	2.5	624	1.934	4.8
1983-84	19.9	666	1.812	36.1
1984-85	24.6	706	1.710	42.1
1985-86	31.7	756	1.597	50.6
1986-87	35	812	1.486	52.0
1987-88	49.2	867	1.392	68.5
1988-89	22.4	939	1.285	28.8
1989-90	0	1000	1.207	0.0
1990-91	42.2	1044	1.156	48.8
1991-92	86.2	1063	1.135	97.9
1992-93	93.2	1078	1.120	104.4
1993-94	0	1088	1.109	0.0
1994-95	0	1099	1.098	0.0
1995-96	0	1131	1.067	0.0
1996-97	0	1155	1.045	0.0
1997-98	0	1172	1.030	0.0
1998-99	0	1207	1.000	0.0
TOTAL	720.2			1539.8

Reference. Annual Reports of the Department of Transport. More details are given by Laird (1994).

Note These amounts exclude Commonwealth allocations under the Better Cities programs.
Gross Non-Farm product price deflators are multiplied by 1000.