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## **Transformational thinking in transport infrastructure policies and planning**

Nick Dimopoulos, CEO, NTC

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### **SLIDE – Introduction**

Nothing ages faster than brave predictions of the future.

Over the years, transport has provided fertile ground for the crystal-ball gazers.

Mankind was going to colonise Mars and live in a futuristic utopia of flying saucers, jet-packs and whimsical labour-saving inventions. Robots would do all the work and our future was one of leisure and sophistication.

### **SLIDE – Moving pavements**

In 1900, Thomas Edison filmed a prototype moving pavement in Paris ... the light bulb was a better idea. (MOVIE CLIP)

## **SLIDE – Future transport**

This French lithograph from 1882 depicts the fanciful world of 2000, with flying buses and towering restaurants.

## **SLIDE – Future cities**

And here's how the French saw the future of cities ...

## **SLIDE – Future commuting**

By 1950, Science & Mechanics magazine was predicting flying saucer buses. And, according to one US newspaper in 1957, tomorrow's workers will commute at 165 km/hr using ducted-fan technology ... whatever that means.

## **SLIDE – Future roads**

The conventional wisdom through the '50s was that driving in the future would be a happy experience. Highways would be wide open and free moving.

In 1961, the Chicago Tribune reported that the government was planning a Magic Beam Highway – a 'robot road' which regulated the car's direction, speed and braking.

## **SLIDE – Transformational change to meet national challenges**

The reality, sadly, turned out a bit different.

Apart from game-changing communications technologies, like the Internet, our future has largely evolved from the past. The 100 year old internal combustion engine is still here, it just works a bit better.

The big question is: can more incremental change address Australia's growing transport challenges? This is what keeps policy-makers awake at night:

- transport is Australia's fastest growing source of greenhouse emissions
- vehicle exhaust gases kill 1500 Australians a year
- 1600 people a year are killed on our roads, and more than 20,000 suffer serious injuries
- transport costs are rising, with higher fuel costs and falling productivity
- clogged urban roads cost the economy \$10 billion a year
- our infrastructure is ageing and vulnerable to climate change; and
- transport bottlenecks are growing.

Extrapolate all that over the next 30 years and we'll leave a very nasty legacy for our children. Transformational thinking is required to confront the major transport challenges facing Australia and the world

### **SLIDE – New Thinking**

This problem cannot be fixed by the same thinking that created it. Business as usual is to kick the ball further down the road.

Clearly, we need some 'new thinking' on transport infrastructure policy and planning.

So what is the National Transport Commission and governments doing about it?

NTC is the national body tasked to develop transport regulatory reform for implementation by states and territories.

It has been a successful model but NTC's reform agenda only spans three years.

Reform to fix today's problems won't scratch the surface of tomorrow's long-term challenges.

NTC's reform agenda is also narrowly focussed on trucks and rail freight. It largely ignores the 12 million cars and metro passenger trains which share the same networks and challenges. In fact, Australia is the only OECD nation without a national strategy for moving people.

And while governments do some great planning for ports, road and rail infrastructure, they are often modally-focussed and end at state borders. For businesses which plan their supply chains nationally and internationally, this makes no sense.

The silo mentality has to end.

I'd like to outline today how we can move forward, think differently and deliver transformational change ... and the role we think NTC – currently the subject of a statutory review – can play.

## **HOW DOES THIS TRANSLATE TO ACTION?**

## **SLIDE – GFC – Solving the problem of national productivity**

Infrastructure policy and planning will be an important factor in Australia's ability to recover strongly from the Global Financial Crisis. The slowing economy is an opportunity to make deeper, lasting structural changes.

Productivity is the biggest contributor to economic growth. The challenge for policy-makers is that Australia's productivity has slipped from 39% above the OECD average to 17% below.

So what role can transport play in turning this around?

Our cities are key to unlocking productivity – they are the nation's engine rooms, generating 80 percent of Australia's economic activity. Finding better ways to move goods and people in our urban centres will drive growth.

## **NATIONAL MARKET: REGULATION**

Federation united Australia's colonies to build a strong, nation state. Globalisation united the world in trade and mobility. But the continued lack of genuine national markets in transport will hinder Australia's ability to compete on the world stage.

Following the 2020 Summit, national markets are – thankfully – back on the political agenda. Prime Minister Kevin Rudd remarked that different laws across state borders were “barking mad”.

Australia currently has seven rail safety regulators servicing a population of 20 million people. The USA has one rail safety regulator and a population of over 300 million.

Transport Ministers are confronting this challenge head-on through proposals for a national rail safety regulator and a national heavy vehicle regulator administering national laws.

This is not just about saving dollars and cents by cutting red tape. It's about planning and thinking big for the future so industry can invest and grow their businesses safely and efficiently.

## **NATIONAL MARKET: RAIL**

A national market in transport across all modes is essential to encourage long-term investment in the right infrastructure and sweat more productivity from our ageing transport network. It would end the cycle of regional rail rescue packages, gaming, ad-hoc funding and declining modal shares for interstate rail and shipping.

NTC recently released a draft report on rail productivity, which recommends:

- ensuring averaged truck charges do not distort funding decisions in regional rail;
- clear national objectives so governments fund the best outcomes, instead of 'picking winners' in road, rail or shipping;
- transparent community service obligations – if governments prefer rail because trucks run past school playgrounds then let's be upfront about it;
- a more commercial approach to government-owned rail, with clear objectives; and
- fair access to strategically located rail terminals.

NTC believes a national market for transport would support a sustainable, growing rail system that adapts to industry needs, with better track speeds, quicker transit times, higher axle weights, improved service and reliability.

## **THE NATIONAL INTEREST**

Australian governments need to act collectively, in the *national interest*, on the transport challenges I described earlier. While the term “national interest” is liberally tossed around, what does it actually mean?

In transport policy land, governments have tended to view an issue as *national* if it crosses a border.

NTC’s definition is probably more in line with what most people would consider national. That is – an issue that materially impacts on the national economy or society. It is not defined by state borders or constitutional responsibilities.

For example, urban congestion is forecast to cost \$20 billion by 2020 – few could argue that this does not materially impact on our economy, and on the 10 million people who live in our major cities.

## **NATIONAL INTEREST: URBAN AGENDA**

Moving goods and people safely and efficiently is a growing challenge for our sprawling cities, with Sydney's population forecast to reach 7.6 million by 2056.

A plumber sitting in traffic can't fix leaks and a courier can't deliver parcels. Rail commuters can't work if they are left standing on the platform because peak-hour trains are crammed full. Car drivers crawling across the Sydney Harbour Bridge are missing valuable time with their families.

Our 'old thinking' response to congestion was to build more and more roads; a supply-side approach now widely considered unsustainable.

Public transport use in Sydney is only 22 percent. Advocates of public transport argue that governments should fix congestion by spending billions of dollars on mass transit passenger systems; effectively changing the genetic code of Australia's road centric cities.

Some of the more outlandish visions touted for our cities' future – the modern day equivalents of bus flying saucers – include multi-storey horse stables, trampoline highways and kinetic pavements to harvest walking power.

More practical options might include integrating public transport services, common ticketing technology platforms, transit-oriented development, road pricing, fuel efficiency standards and scrapping tax incentives that encourage more car-use.

Independent, transparent advice to all governments is the best way to coordinate an effective national policy response.

NTC believes a national moving people strategy can help our cities become world centres of sustainable growth and innovation as well as great places for people to work and live. This should be done by working closely with all governments.

## **NATIONAL MARKET: ROAD PRICING**

Encouraging investment in more sustainable public transport alternatives requires car travel to be priced at its true economic cost. In its submission to Infrastructure Australia, the Business Council of Australia called for market based road pricing.

Charging a higher tariff at busy times is widely used for airline ticketing, mobile phone calls and going to the cinema. And it's much easier to influence demand by changing prices than building new infrastructure.

As one academic (Elliot) put it, “our roads are no more ‘doomed’ to hopeless congestion than our meat counters would be if we sold steak for the price of dog food”.

Transport for London estimate that the London congestion charge reduced car travel by 15 percent; and more than half moved to public transport. Most of the revenue funded additional bus services – an integrated approach to ensure traffic isn’t simply pushed elsewhere.

But it will be tough, politically, to deny people the right to drive cars at peak hours on congested roads at no extra cost.

In the UK, 1.8 million citizens signed an anti-road charging scheme petition, forcing the government to put its pricing reform plans on ice. Instead, they opted for Plan B – opening-up emergency lanes on some major motorways.

Clearly, effective measures are not popular and popular measures are not effective!

Now is the right time for Australia to have an informed and mature debate – supported by rigorous, evidence based policy development and research – on broad road pricing options.

As an independent body, NTC can facilitate this journey at ‘arms length’ from government.

## **SUPPLY CHAIN PLANNING**

While state and territory governments do some great transport infrastructure planning, they tend to stop at borders.

From an industry perspective, infrastructure planning should be more responsive to the movement of goods and people across all modes and along entire supply chains.

We know that well-targeted investments to upgrade road bridges or add rail passing loops can lift the performance of the entire supply chain from mine to port or paddock to plate. Poorly targeted and narrowly focussed investment simply shifts the problem further down the chain or across the border.

According to Queensland Rail’s submission to the NTC Review, “Australia will not achieve its full economic and social potential unless road, rail, air and sea transport systems are planned ... as an integrated network.”

As Stephen O'Donnell said in his review of the Goonyella coal supply chain:

*“the situation where investments are being made without concurrent investment in other parts of the supply chain ... should never be allowed to happen again.”*

A good start on this journey would be a national ports strategy.

Australia currently has a large network of ports, competing for the same trade and pursuing their own commercial interests and growth objectives. Many of those ports are serviced by small intermodal hubs; located close to urban communities and serviced by poor road and rail connections.

A recent Parliamentary Inquiry into Coastal Shipping observed the lack of a cohesive national development plan for ports and landside infrastructure links, including buffer zones, land banking and land-use planning.

The Ministerial Council on International Trade also identified the need to work cooperatively on national infrastructure priorities and develop more streamlined regulations.

Are we planning land-use and preserving freight corridors to support future transport growth so our next generation benefits from more jobs and cheaper

goods? Or will we sell-off the land to housing developers and leave our kids a nasty legacy of transport bottlenecks and angry urban residents?

Unless national planning is addressed, it will become a drag on a recovering domestic national economy.

## **TRANSPORT SAFETY**

To put the safety challenge into perspective, road crashes currently cost \$18 billion a year – about the same as the combined budgets for health, roads and public transport in New South Wales

Why is Australia planning and building new highways, with no rest areas for long distance truck drivers to take a break? Safety has to become an integral part of our 'new thinking' on infrastructure policy.

The New South Wales Roads & Traffic Authority is now leading the way by ensuring their infrastructure projects deliver on objectives for a safe road system. Simple measures could include dividing traffic, minimising intersections and improving visibility.

NTC is also developing reform to ensure bigger trucks which meet higher standards of safety are allowed better access to the road network.

## WORKING TOGETHER

In Mumbai, India, 5,000 dabbawalas deliver 170,000 meals a day, using an elaborate system of colour coded boxes loaded which are onto trolleys and pushed on and off trains. Their error rate is one mistake per 6 million deliveries – an amazing feat of supply chain planning.

In Europe, 27 countries with over 500 million citizens established a single currency system. The European Union is now developing a high-speed rail network across the continent, including integrated ticketing and services to compete with airlines.

It shows what can be achieved by working together – cooperatively.

NTC has a proud history of working closely with governments to coordinate national reform and policy. The Business Council of Australia believes NTC can also play a critical role in championing effective transport system planning.

It's not about a 'Great Leap Forward' style of centralised planning, but a mechanism to work with all governments to facilitate better national outcomes for the benefit of the entire community.

## LEADERSHIP

It's time for bold action for a better future; to throw long and deep and think differently about tough transport policy issues.

Australia has to make some tough calls on complex national challenges and put stakes in the ground. We cannot afford to fall back into incremental change.

Getting there requires a commitment from all governments to work together on common national problems.

A top public policy think tank, the Brookings Institution, recently released a report on how to address America's ageing infrastructure, traffic congestion, climate change and supply chain bottlenecks.

Brookings looked at the Australian model of reforming national transportation and recommended a national transport commission and an Infrastructure Australia-like body of their own.

Australia has those foundations in place. If our transport system is to stay a step ahead of the world, the reform program has to evolve further. It means planning and thinking further ahead across all transport modes and a re-commitment to national markets and long-term reform.

We know what we need to do. Let's get on with it.

Thank you.