



news release

## **Transport infrastructure – national priorities**

*Speech by National Transport Commission CEO Nick Dimopoulos*

*CEDA, Friday 15<sup>th</sup> February, Melbourne*

*(check against delivery)*

### **Log jam in transport**

The biggest queue in Australia isn't the bumper-to-bumper trucks outside our container ports, or the freight trains sat waiting for a path through congested passenger rail networks, or the ships anchored outside our coal ports. There is a log jam of reports clogging government storage rooms calling for a national integrated approach to transport policy and infrastructure planning across all modes.

Most developed nations now have a transport plan for moving people and freight to support their economic growth. Albania has a transport plan. So where's ours?

## **Where's the transport plan?**

A strategic national transport plan has been the broken record and mantra of the National Transport Commission, governments, taskforces, business groups, academics and think tanks for years. Yet little has been done.

AusLink's transport 'corridor' plan was a good start, but many believe it falls short of a holistic 'paddock to plate' and 'moving people' approach, which combines infrastructure planning, reform and collaboration, and looks across all modes and levels of government. And that includes self-loading freight – passengers.

## **Why transport is important**

The policy gaps are puzzling when you consider Australia's reliance on an efficient transport system for our economic and social development. The logistics sector contributes 14.5% of GDP and employs 465,000 people in 165,000 businesses – that's bigger than mining, communication and energy.

Australia moves 2.4 billion tonnes of freight across a sparsely populated landmass – a natural productivity handicap. At the same time, the rapid growth of our decentralised cities creates its own land-use planning and transport challenges.

Some good work has already been done and, in many respects, our road freight system leads the world. COAG's recent interest in pricing reform is also timely. But, if we are to overcome the tyranny of distance, and support the sustainable growth of our cities, Australia's road, rail, air and sea transport system – for passenger and freight – must be planned and operated as integrated networks.

Our collective inability to do this will risk compounding the tyranny of distance with the tyranny of mediocrity.

---

## **The beginnings of a plan ...**

But ... here's the good news.

As the CEO of an independent body which has pioneered cooperative federalism in national road and rail transport reform, I'm encouraged by COAG's recent commitment to address the nation's infrastructure challenges.

I can also confirm that the federal Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese has written to the National Transport Commission requesting urgent advice on a national transport policy framework, including a national infrastructure plan, to support the establishment of Infrastructure Australia.

The NTC is undertaking some targeted consultation to get the job done. My hope is that this work will set the foundation for a national transport policy framework and ensure that planning, pricing and regulation addresses the emerging challenges of the growing transport task. This is about delivering the best outcome for Australia.

---

## TRANSPORT CHALLENGES

### 1. A growing freight task?

So why have previous approaches failed, and what's different this time around? Like the dams running dry, a looming national crisis always focuses the mind. Let's look at some of those challenges.

The land transport task will almost double between 2000 and 2020; with road freight increasing its market share by 6% to 42%. If this growth isn't properly managed, we will experience capacity bottlenecks, a blow-out in transport costs, another 50,000 articulated trucks on our roads and a community backlash.

Doing nothing is not an option.

---

## 2. Planning to meet capacity

CEDA has warned that infrastructure bottlenecks threaten to constrain a strong economy. If infrastructure investment is to support economic growth, and address inflationary capacity constraints, it needs to be carefully targeted across all modes in the transport chain. Fixing bits of infrastructure is like squeezing air in a balloon – the problem just moves somewhere else.

---

### 3. Sustainable cities

Australia is one of the most urbanised countries in the world, with over 64% of its population living in the nine capital cities. A sustainable transport system to move people and goods is, therefore, instrumental to the development of better functioning, efficient, clean and accessible cities.

Over the last 20 years, as our cities sprawled outwards, public transport use has declined to between 5 and 10% of trips. Poorly designed public transport links have increased the community's reliance on cars.

In the absence of a coordinated national transport policy and plan to move people and freight safely and efficiently, our cities will become pretty ordinary places to live in, with urban congestion costing \$30 billion by 2015.

---

#### 4. Climate change

As a sector which accounts for 14.4% of total greenhouse emissions, how will transport play its role in meeting Australia's international emissions targets?

The cost of moving things has never been so low, but at what cost to the environment? Imagine the carbon footprint of this Californian lemon (HOLD UP), which has traveled 13,000 kilometres to Australia.

Recent moves by UK retailer Tesco to label products with their carbon footprint – known as 'food miles' – has significant implications for Australia's food and wine export industry. You will, I'm sure, hear more talk of companies "greening" their supply chain.

---

## 5. Oil security

With the price of oil sitting around US\$70 a barrel last year, an economist in the financial press reported:

*“Although talking heads in the media may frighten us with stories of \$100 barrels of oil, the people who put their money where their mouths are do not believe this will happen. It might happen - the market is suggesting it has around a 2% chance of occurring. But it would appear to be quite unlikely.”*

Policy-makers need to plan for future scenarios, such as the impact on our fossil-fuel dependent transport systems if oil reaches US\$200 a barrel. We can't afford to cross our fingers and hope.

---

## 6. Safety

The annual road toll of around 1600 deaths – more than four a day – is tearing families apart. We need to establish a transport system that doesn't kill or maim the people who use it. Ending this 17 billion dollar a year human tragedy would go close to funding Victoria's health and education system.

## 7. Workforce

More than 40% of transport workers are aged 45 years or more. The industry could face a shortfall of 10,000 employees within 5 years. Australia needs a sustainable skilled workforce to keep people and freight moving.

These are hard issues. There are no silver bullets. It will take cooperation between States and the Commonwealth to make a difference. A National Transport Policy Framework is about ensuring government policy levers for regulation, planning and infrastructure investment and pricing are all working together nationally to address those challenges.

---

## Working Smarter

Past reports to fix transport were often translated as engineering-based multi-billion dollar wish lists for more roads and rail tracks.

We can't afford to just build our way out of trouble. Smarter regulations, more efficient infrastructure pricing signals and simply working together can help 'sweat the asset' harder and ensure trucks and trains carry less fresh air.

*Supply Chain Review* magazine recently pointed to the high cost of poor cooperation across many supply chains. For example, a CSIRO study found sugar cane mills operate round the clock, but harvesters don't – which has led to over-capitalisation in trucks, trains and storage. Similar studies on our container ports (REFER SLIDE) show a mismatch in business hours between parties in the transport container chain.

Much more needs to be done to map our logistics chains and improve their efficiencies.

---

## **Encouraging the private sector**

And how do we provide an environment which encourages the private sector to play its part in building better infrastructure; particularly with around \$700 billion of capital available in superannuation funds to invest?

A comprehensive, fully-tested and transparent cost-benefit assessment of infrastructure options – based on market forecasts, scenarios and alignment with a much-needed national policy – will improve certainty, reduce investment risk and lower finance costs for the private sector.

---

## **Cooperative federalism**

It was heartening to hear the Prime Minister and Premiers at COAG state their intention to break with the past and pursue a new approach to cooperative Commonwealth-State relations.

I believe better inter-governmental decision-making is key to ending the patch protection mentality of federalism. It's about each level of government contributing to national policy outcomes and recognising the legitimate role of the others.

This cooperation is coming through in our discussions with industry and government. Many transport agency heads, including Howard Ronaldson here in Victoria, have stepped up to the plate. They do want to make a difference.

As Benjamin Franklin said, "We must all hang together; or, most assuredly, we shall all hang separately"

---

## Conclusion

Facilitating a transport plan within a short timeframe is a big job, but there are many smart people and good ideas out there to harvest. The real challenge is to make sure transport policy is redefined as a verb, not an adjective for inaction.

In concluding, I think we are now at the threshold of doing great things.

A lot has already been achieved in transport reform without a national policy and plan. Just imagine what we could achieve if we had one.

## Questions

For more information: Paul Sullivan (03) 9236 5027 / 0419 715242

---