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## **UDIA Submission to the Inquiry into the Role of Public Transport in Delivering Productivity Outcomes**

The Urban Development Institute of Australia (UDIA) welcomes the opportunity to provide this submission to the Rural and Regional Affairs and Transport Legislation Committee Inquiry into the role of public transport in delivering productivity outcomes. UDIA is the peak body representing the interests of the development industry around Australia, acting on behalf of thousands of members across the country from a wide variety of fields.

Improving Australia's economic productivity will need to be a major focus of governments in the future if the strong income growth and low unemployment enjoyed by Australians in the past is to continue. Any attempt to improve our national productivity must include a major focus on our major cities, recognising that cities provide the core infrastructure that allows the bulk of the Australian economy to function.

Ensuring that urban transport infrastructure, including public transport, is efficient, effective, and accessible will be critical to realising the productive potential of our cities, as well as achieving broader liveability and sustainability goals. UDIA believes that the Australian Government should commit to increased investment in urban transport infrastructure, including public transport, and that this investment should be transparent and based on clear and objective criteria.

### **Increasing Productivity in Major Urban Centres**

Australia's cities are of crucial importance to the Australian economy, with major cities generating approximately 80% of GDP, and employing 75% of the workforce. The Government must recognise that the productivity of the national economy is heavily influenced by the productivity of our cities.

Quality urban transport systems are absolutely essential for cities to reach their full productive potential. Good roads, ports and public transport systems enable the fast and efficient movement of goods and people throughout the urban fabric, providing access to markets, education, employment and other opportunities. Where this infrastructure is insufficient, the inability to move easily between locations is inflicted on businesses and individuals in the form of wasted time, monetary

costs and lost opportunity. This drag on economic activity created by inadequate infrastructure is a growing problem in many Australian cities, with the cost of avoidable congestion predicted to grow to \$20 billion a year by 2020.

The development of 'activity centres' in local areas whereby people are able to live, work and enjoy social activities close to home, remains a priority for the development industry and a key strategy in reducing congestion on major arterial roads. Creating a high degree of employment self sufficiency within communities is important as, over time, it will alleviate the congestion pressures caused by a CBD focused employment strategy.

Another important way urban transport can improve the productivity of our cities is through the support of knowledge related industries. Knowledge intensive jobs tend to be high paying and high skilled and are important to the broader economy through their ability to lift wages, and create flow on jobs in other industries.

A key characteristic of jobs in the knowledge economy is agglomeration, the phenomenon by which firms cluster together in one location, such as the central areas of major cities, and increasingly, in growing business and employment hubs in outer suburban and regional areas. This allows them to benefit through greater competition, the ability to draw employees from a deep labour pool, and allows the transfer of knowledge and innovative ideas between employees and firms. It can also improve the economic vibrancy and employment self-sufficiency of suburban areas through the creation of additional and more diverse local jobs.

The extent of agglomeration benefits are to a large degree dependent on the quality of urban transport systems, as they determine the effectiveness of inter-linkages between different firms, and between firms and the pool of labour they draw from. Investment in quality and flexible transport networks, including public transport will be needed to ensure that Australian cities achieve the full productivity benefits from agglomeration and the rise of knowledge intensive occupations.

### **Arguments for Investment in Public Transport**

Public transport is without a doubt, a critical component of the transport networks of major Australian cities. In 1994, the Industry Commission (now the Productivity Commission) in its report on Urban Transport noted that without scheduled public transport "Australia's larger cities would simply grind to a halt and the environmental amenity of all our cities would suffer". Since then, the importance of public transport has only grown, with public transport accounting for an increasing proportion of total trips made.

One of the key advantages of public transport is the increased capacity and smaller footprint it offers relative to cars. This makes public transport particularly well suited to transporting passengers along corridors where there are large volumes of traffic and space is at a premium. For example, the single bus lane on the Sydney harbour bridge carries more passengers during the morning peak hour than all other city bound lanes combined. Thus greater investment in public transport has the

potential to reduce congestion on road networks by utilising road space more efficiently, or by shifting demand to more efficient modes (e.g. rail).

The capacity and space advantages of public transport are especially relevant when considered in conjunction with the trend towards knowledge intensive jobs and agglomeration. Both these factors are increasing employment and economic activity in dense urban areas that typically already suffer from congestion, and will need quality transport links. Public transport is perfectly suited to providing trips within these areas, and also for providing better access to these areas from the outer suburban regions of our cities where population growth pressures are concentrated.

Public transport also provides a number of environmental and social benefits relative to road infrastructure. Environmental benefits include reduced greenhouse gas emissions from reduced fuel use per passenger kilometre, reduced particulate pollution, and the potential for lower levels of noise pollution. Social benefits include improved access and economic opportunity for those without access to cars (e.g. the young, the old and the physically and/or economically disadvantaged), lower levels of automobile related deaths and injuries, and the potential for lower levels of obesity as a result of greater physical activity.

### **Principles for Infrastructure Investment Decisions**

For the Government to make the best decisions on urban transport infrastructure investment, the decision making process must have clearly defined, transparent and consistent objectives, and be based on rational and objective criteria.

Transport infrastructure investment decisions must be made on a whole-of-city basis, in recognition of the integrated nature of different modes of urban transport. They must also take in to account the long term costs and benefits of investment, not just the immediate impact on jobs or other short term advantages. Any decision to rule out a specific mode of transport from investment is not likely to be the best use of Government funds, and has the potential to result in suboptimal transport and productivity outcomes.

The National Urban Policy provides the following principles to underpin urban investment decisions, which UDIA supports.

- **Efficiency** - Our cities and the social and economic infrastructure and services that support them should be planned and managed to maximise their efficient use
- **Value for money** - Investments in our cities should be cost-effective to return maximum benefits to communities and investors Innovation The planning, design, construction and management of our cities requires creative ideas and solutions to meet the current and future challenges

- **Adaptability** - Our cities need to be adaptable to changes in the economy, population, demographics, technology and the environment
- **Resilience** - Our cities need to be resilient to events such as natural disasters, the effects of climate change and global socio-economic processes
- **Equity** - Our cities should support the equitable distribution of access to resources and opportunities, including education, jobs, housing, services and facilities
- **Affordability** - Households should have affordable options for where they live and work, how they travel and access services and facilities, and for leisure opportunities
- **Subsidiarity** - Planning and services should be delivered by the most local level of government that has sufficient scale and capability to reasonably deliver them
- **Integration** - Policies and programs need to be integrated across the different levels of government, across portfolios and with industry and communities
- **Engagement** - Planning, policies and programs need to be informed by the views of all sectors of the community

### **Concluding Comments**

Fundamentally, UDIA is of the opinion that increased investment by the Australian Government in urban transport infrastructure, including public transport, will be needed in the coming years to bolster the productivity and liveability of Australia's major cities. Investment decisions made by the Government relating to urban infrastructure should be guided by clearly defined, transparent and consistent objectives, and be based on rational and objective criteria.

UDIA thanks the Rural and Regional Affairs and Transport Legislation Committee for the opportunity to provide this submission to the Inquiry into the role of public transport in delivering productivity outcomes. UDIA would welcome the opportunity to discuss any aspect of this submission in greater detail. For further information, please contact UDIA National on 02 6230 0255 or at [udia@udia.com.au](mailto:udia@udia.com.au).

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