

**THE LEGISLATIVE COUNCIL COMMITTEE ON GOVERNMENT  
ADMINISTRATION B MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE,  
HOBART, ON WEDNESDAY 10 OCTOBER 2012.**

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**INTEGRATED TRANSPORT OPTIONS**

**Mr GLENN APPLEYARD**, CHAIRMAN, AND **Mr DEAN BURGESS**, DIRECTOR,  
OFFICE OF THE ECONOMIC REGULATOR, WERE CALLED, MADE THE  
STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Ms Taylor) - Welcome, gentlemen. This is a public hearing and all the evidence taken at this hearing is protected by parliamentary privilege. Any comments you make outside this hearing may not be afforded that privilege. The evidence you present is being recorded and *Hansard* will be published on the committee website as soon as it becomes available. If there is anything you want to say to us *in camera*, please ask us and we will consider whether that should occur. Could you tell us your fields of interest, expertise and why you are making a submission to this committee?

**Mr APPLEYARD** - I am the chair of the Tasmanian Economic Regulator. It's a part-time role. There are two other members of the regulator itself, one of whom is probably known to you, Mr Peter Holt, and the other is Mr Alan Smart. The three of us act as the Tasmanian Economic Regulator and are most ably supported by the staff of the office, led by Dean Burgess, who is the director. When I'm not acting as chair of the Tasmanian Economic Regulator I have part-time roles as a member of both the Commonwealth Grants Commission and the Commonwealth Independent Hospital Pricing Authority.

**Mr BURGESS** - I am the director of the Office of the Tasmanian Economic Regulator. We are State Service employees but our role is to support the regulator in discharging its statutory functions, so we provide the executive support and a lot of the interface with the public when it's required.

**CHAIR** - You realise that one of our interests in this inquiry is about fares, sustainability, public transport accessibility and those kinds of things. I have read, as I am sure the other members have, the 2009 GPOC report in relation to Metro pricing, which I found of great interest.

**Mr APPLEYARD** - It was a bestseller; you were lucky to still find a copy.

*Laughter.*

**CHAIR** - It's on the web; you get to read everything these days - there are no secrets anymore.

**Mr VALENTINE** - You must be getting sick of it; this is the fifth investigation.

**Mr APPLEYARD** - In a former role I was a consultant to the 1996 one.

**Ms RATTRAY** - So you know it inside-out, Glenn?

**Mr APPLEYARD** - Well, not entirely, that's the trouble.

**CHAIR** - One of the questions I got from that report is: are we attempting to make public transport self-funding?

**Mr APPLEYARD** - I might make a few introductory remarks and then get onto your point. As chair of the Economic Regulator I think it is important to put into context the regulator's role as opposed to government.

**CHAIR** - Good.

**Mr APPLEYARD** - The regulator is an independent statutory organisation and the Metro inquiry was done under the auspices of a dreadful body known as the Government Prices Oversight Commission. That has now morphed into the Tasmanian Economic Regulator and essentially the roles that were previously undertaken by GPOC have now been assumed by the Tasmanian Economic Regulator.

To go back a little into the history, everyone would recall the competition policy reforms of the mid-1990s when everyone said we need to have prices oversight for government monopolies, we need to have competitive neutrality et cetera. The Tasmanian parliament signed up to those competition policy reforms and, as a result, one element was the passage of the Government Prices Oversight Commission which at that stage was essentially overseeing Metro, MAIB premium setting and the whole gamut of electricity pricing, from wholesale transmission and distribution right through to retail.

Electricity reform has cramped the space in which we now operate. We now deal essentially with just retail pricing. Nonetheless we have continued that role in relation to Metro bus fares, Motor Accidents Insurance Board and from time to time we do competitive neutrality complaints. We have recently had a series of complaints from caravan park operators around the state charged with competitive neutrality vis-a-vis local government-operated parks, and the office has conducted investigations there. Competitive neutrality is essentially making sure you are dealing like with like, so if caravan park operators have to pay land tax, payroll tax and rates, then the local government caravan park should also at least reflect those costs. That has also been a role that we have conducted.

**CHAIR** - And you've picked up water and sewerage as well.

**Mr APPLEYARD** - Yes, we recently enjoyed working on water and sewerage pricing.

**Mr VALENTINE** - I was going to say you must be really happy about that.

**Mr MULDER** - Happy as a pig in -

**Mr VALENTINE** - Pig in mud - is that what you had in mind.

*Laughter.*

**Mr APPLEYARD** - Just to deal briefly with what happens in our legislation where we undertake these investigations of monopoly service providers such as Metro, we are charged under the legislation with looking at a number of aspects. There is the cost of supplying and providing the service; whether there are any interstate or international benchmarks by which we can judge the appropriateness of providing that service; the need for efficiency in the supply of that monopoly service and the need to protect customers from adverse effects of monopoly power, either in relation to prices or standards of service provision; and if necessary, the need to ensure a reasonable return on the assets engaged in that monopoly service provider, which is not the case with Metro but certainly an issue in relation to MAIB where there is an appropriate return on assets for the funds invested there. Importantly, there is the need for the monopoly provider to be financially viable and the impacts of pricing policies on borrowing capital, dividends and obligations of that organisation. We also have to have regard to things like ministerial charters, community service obligations imposed on that monopoly provider, the quality of supply the monopoly provider provides, and a catch-all phrase which says 'any other matter that the regulator considers relevant'.

**Ms RATTRAY** - We know that one well.

**Mr APPLEYARD** - Yes, it's something our legislators have put in quite a few acts.

Turning to the previous Metro inquiry of 2009, what usually happens is that the terms of reference ask to determine which level of fares would represent full cost-recovery. We go through the process looking at the costs and the revenues, most often involving benchmarking with other bus operators in other states which is a fairly fraught exercise because there's not a lot of data in this space which is publicly available. Obviously the private operators are fairly cautious in terms of the information they provide and it's difficult to compare like with like in terms of urban Melbourne or Sydney transport operations compared with those in Tasmania.

Nonetheless, the regulator does its best to come up with an appropriate reflection of full cost-recovery of the fares. That's an aggregate amount so we end up with a total revenue cap. We go about allocating those across the various fare categories for time of day, distance of route and so forth and come up with two measures. One is a peak-hour cost and the other is an average cost over the full range of services operated.

That's pretty much where the regulator's role ends. We then provide that report back to the minister. It's then a policy decision of government as to how much it chooses to provide by way of a subsidy to Metro to enable it to remain financially viable.

As to the question you asked in terms of -

**CHAIR** - That's not a question for you, really.

**Mr APPLEYARD** - You've got it in one. Bluntly, it's not something that the regulator should be asked to comment on. It's a matter for government as to how large or small that level of subsidy should be.

**CHAIR** - You're just really trying to establish the basic facts.

**Mr APPLEYARD** - We are, that's right.

**Mr VALENTINE** - With respect to that, there may be a community desire to see more people use public transport and government may share that or not. Do you take into account those sorts of desires when striking your ticket price? For instance, government may not want to see public transport subsidised as much but it's cart-before-horse stuff - the community is not using the service so to encourage the community to use it you need to keep the prices low. How do you balance that sort of tension - or don't you?

**Mr APPLEYARD** - We don't in a sense. Ours is an empirical exercise. As I say, we calculate the costs as the denominator, which we then divide by the number of people using the service to come up with an average fare. Of course the number of people using the service is a supply and demand thing to the extent to which, if you lowered fees you might get more people using the service -

**Mr VALENTINE** - It spreads the load.

**Mr APPLEYARD** - To use the dreadful economists' term elasticity of demand, if you put it down by so much, will you get a greater reaction in terms of volume, or if you put the fares up, will you discourage so many more people to the point that they'd prefer to drive their car? To that extent, that is something we need to observe. There is quite a bit of data around which tells you about elasticity of demand for things like bus fares. It is something that we have to take into account but, in terms of putting our finger in the air and saying, 'Gee, it'd be so much better to reduce fares by 50 per cent because we'll get that much more patronage', that's beyond our scope.

**Mr VALENTINE** - Okay, thanks.

**CHAIR** - You said Metro is a monopoly, but is it actually a monopoly to the extent that there are private bus companies also in the field?

**Mr APPLEYARD** - You would need to check with DIER but my understanding is that there is a carved-out space within which Metro is the only urban service provider in Hobart, Launceston and Burnie. My understanding is that that is a monopoly range. There are certainly other bus lines that come in and out beyond that.

**CHAIR** - The New Norfolk man, Derwent Valley man -

**Mr FARRELL** - O'Driscoll?

**CHAIR** - Yes. He goes into Hobart, doesn't he? He doesn't stop at Granton.

**Mr FARRELL** - Yes, he comes into Hobart, so he's in direct competition, I think.

**CHAIR** - He is or he isn't?

**Mr FARRELL** - He offers a similar service - you can get off at Granton but most people from New Norfolk would go right through to the city.

**CHAIR** - That's right, so that is actually in competition.

**Mr APPLEYARD** - Hobart Coachlines was the one at Blackmans Bay which Metro now operates into Hobart, and I think there's one on the eastern shore.

**CHAIR** - Metro don't do Sorell, for instance.

**Mr BURGESS** - From the regulator's point of view the legislation defines them as monopoly service providers. It is always an interesting argument. For instance, Aurora says they are a monopoly service provider for households for electricity but they are competing with space heating with gas and wood. There are always arguments around the boundaries of these things.

**Ms RATTRAY** - It's a bit grey and fuzzy when you really think about it.

**Mr APPLEYARD** - When you really think about it there are substitutes. The true monopoly of course is MAIB because if you want to drive a car you have to take out compulsory third-party insurance; you have no choice there, but in these others there are some grey areas.

**CHAIR** - When we had Metro in they talked to us about their contracts for certain outer urban areas and they said they didn't find it viable anymore so they handed that contract back to the government who then went looking for somebody else to do it, so there is no obligation on them, I suppose, to provide the service.

**Mr APPLEYARD** - That's correct. I'm not sure if they still do but they used to make themselves available for charter. If you had, say, hockey championships on and you needed to bus people to the grounds, then Metro would certainly be into that. In the same way as the water and sewerage corporations undertake irrigation as well as basic sewerage, to the extent to which they do irrigation, we don't examine that within the scope of the buses.

**Mr VALENTINE** - I think the situation with Metro was because there are all of those services that can't operate economically and the government has decided to provide them with that space of operation as a monopoly to enable those out-of-the-way services to be provided to the very low patronage areas. I think that's why it's the way it is, otherwise those areas of low patronage would never be serviced.

**CHAIR** - That's correct, yes.

**Mr BURGESS** - There certainly is a contract between government and Metro which stipulates that they will service these catchment areas and there are subsidies attached to that.

**CHAIR** - How often do you look at it?

**Mr APPLEYARD** - I think at one stage it was every three years but it's now every five years. Our next investigation will be due in 2014 and we will start that, I think, towards the middle of next year. We will get work underway and gather data and so forth.

**CHAIR** - It just seems to me that there has been a change of direction in Metro. In the 2009 report it says that the service is to provide public transport for those people who have no other choice but to use public transport. Certainly Metro's direction appears to me to have changed in the last couple of years in that they're now also looking at commuter transport. They are two different kinds of services - one a rapid transport service and the other a service for people who have no other choice, which might involve outlying areas off frequent routes and that kind of stuff. Do you take that into account or does it not really come into your bailiwick?

**Mr APPLEYARD** - Not directly, but it will depend on the terms of reference we are given at the time. I mean, 2009 was some time ago but I do recall we made some reference certainly to the level of concession fees for those low-income earners or others with community support. There is an issue there in terms of the level of support which ought to be given. Again, we benchmarked that against the level of concession given in other states, and the same with student fares and so forth. There is another issue there as to how much of the cost recovery you put across that part of the clientele.

**CHAIR** - So you make no recommendations to government about the level of cost recovery they ought to try to get through Metro, or compare that with other states?

**Mr APPLEYARD** - No, the terms of reference have asked us to establish full cost recovery.

**Mr MULDER** - Although you did recommend that the students contribute more over time.

**Mr APPLEYARD** - We did. Again, largely based on benchmarking, we thought it appropriate that the student fares be fixed as proportionate to the adult ones. In the past that area had been neglected, if I can use that word, and as a result it had been fairly jumpy in terms of the stages at which they'd adjusted student fares. One minute it was 30 per cent and then it was up to 70 per cent, so we thought it made more sense to at least tie it into the adult fare.

**Mr MULDER** - I note in the foreword to your report you say that the terms of reference required the commission to identify what changes would be necessary to the full adult fare structure to achieve full cost recovery.

**Mr APPLEYARD** - That's correct.

**Mr MULDER** - I'm sorry, I confess to not having quite got through the report but what was the finding?

**Mr APPLEYARD** - The finding was that adult fares needed to increase -

**Mr MULDER** - Would have to go to what - \$2 000 a trip?

*Laughter.*

**Mr APPLEYARD** - No, not quite that much. Full adult fares needed to increase by about 50 per cent to achieve full cost recovery during the peak periods. To get full cost recovery over all services - that is peak and non-peak times - the full adult fare would have to increase by about 130 per cent.

**Mr BURGESS** - That's implying that the government removes all of its subsidy arrangements. It is all funded from the passengers rather than government.

**Mr MULDER** - Declining passenger numbers keep adding to that, don't they?

**Mr APPLEYARD** - As I say, that [?? 10:27:02] demand is quite high. In the short term people say, 'Wow, it's going to cost me another dollar. I can drive my car and park in Fitzroy Place for that' - well, you can't now -

**Mr MULDER** - Or on the Domain.

**Mr APPLEYARD** - Yes - 'therefore I won't catch it for a while', and it takes a while for that patronage to flow back. I think the level of government support was about 70 per cent of operating costs at that time. We would have to check what it is now.

**Mr MULDER** - It is also of concern in the report that the full fare-paying adult is the smallest group of users -

**Mr APPLEYARD** - That's right.

**Mr MULDER** - and that commuting is incredibly low. It's bad enough down here but abysmal up north. I think you refer to other comments which say that we're basically reliant on the car.

**Mr BURGESS** - There was some examination in the report about patronage numbers and linking that to the growth in car ownership and usage in the state.

**Mr MULDER** - The census night figures showed that 3.1 per cent on census day caught a bus to work compared to 76.6 per cent who took a car. Those numbers -

**Dr GOODWIN** - It's actually higher because 76.6 per cent were the drivers and then you have the passengers as well on top of that.

**Mr APPLEYARD** - In terms of elasticity of demand, it is highest for the commuter travellers. Students have to get to school so if you change the fares for students the bulk of them will still travel on the buses. If you change the fares for concession holders, they don't have a care and still need to go to the doctor and go shopping, so they would still catch the bus. It's the commuter who is the one who thinks, 'Oh well, I won't bother'.

**Mr MULDER** - It is recognised in your report that the government has reiterated its objective for urban public transport being to meet the transport needs of the transport- and socioeconomically-disadvantaged. In other words, it's not really about commuters at all, it's about the needs of the needs of the transport-disadvantaged and the socioeconomically-disadvantaged.

**CHAIR** - That was the point of my earlier question. That was in 2009 but I think Metro have changed their focus since then to try to get commuters, which is why they're doing less services out to those kinds of areas. It's two different services we're talking about.

**Mr APPLEYARD** - Yes, and things such as the Green Card and giving information as to when the next bus is coming and those things.

**Mr VALENTINE** - This is the problem with the principle, isn't it? The government is trying to basically make it a paying service when really it's a service that the government provides to the community for those who are disadvantaged, and that's the trouble.

**Mr MULDER** - It's either a cost-recovery service or a community service obligation and they're trying to do both.

**Mr VALENTINE** - It's always been termed a loss by Metro but it's the cost of providing the service from the government. I think that's a critical issue.

**Mr BURGESS** - I think their policy objective is underpinning the government's justification for its subsidy. What Metro does outside that is in some respects is Metro's business.

**Mr MULDER** - Yes, but that then has to contrast with the other point we were making a while ago about what has to be done to the full adult fare to get cost recovery. You can't say, 'That's our objective, but we want to believe this other segment drives it'.

**Mr VALENTINE** - It's going to discourage people from using the service and the people who don't have cars are simply going to be more disadvantaged.

**Mr MULDER** - The thing I get with this is that we're trying to do two things; we're trying to shoot two targets with one gun. I think we need to work out the different objectives that require different subsidies and different arrangements.

**Mr BURGESS** - It's interesting to note that the pricing order adopted in response to this report effectively transitioned fares to full cost recovery for full adult-paying fares at the peak-hour rate. During those times full adult fares are reflective of costs. All the other fares, including concession fares set by government, are set based on the subsidy provided to Metro to meet the difference between cost and revenue. From my perspective there's a dual focus there. They're not specifically subsidising commuter traffic during those peak hours for full adult-paying fares but for all other services they are through those concessional arrangements.

**CHAIR** - That may be a question you ask next time you do it: to what extent are they now providing that which you said is their job? We hear, not just anecdotally but from Metro themselves, that they're doing less of the windy routes and picking up people - and that would seem to be the focus of what they're supposed to be doing - to try to get more commuters on board.

**Ms RATTRAY** - With the terms of reference you spoke of, Glenn, do you have any input into them? You said you received the terms of reference, and an inquiry can get a bit of a slant, according to the terms of reference.

**Mr APPLEYARD** - We are generally consulted informally on technical issues as to what is and isn't doable. Essentially the determination of terms of reference is up to the government, which would rely on DIER and Metro's input.



**Mr BURGESS** - From our point of view what's important in conducting those investigations is to be very clear on what the government's policy intent is.

**CHAIR** - Yes, but you would be comparing, I imagine, the 2009 figures in the report when you look at it next time. For instance, if you found there were considerably less numbers of travellers on the concession fares, that would show up in your investigation?

**Mr APPLEBYARD** - It certainly would. In terms of patronage, we would be hopeful this time round that we would get much improved data because with the new Metro card and so forth presumably they're capturing better data about trip distance, numbers, et cetera. Our constant plea whenever the regulator is given terms of reference is to make as clear as possible what it is you're asking us and don't rely as much on the 'any other matters considered relevant' bit.

**CHAIR** - But you do have that as your catch-all in the end, if you found something that stood out.

**Mr APPLEBYARD** - We do have some licence and we can look at those things but, to the extent to which the government wants us to look at something, our plea is always to make it clear in the terms of reference what you are expecting us to do.

**Ms RATTRAY** - Have the terms of reference changed at all in the time you've been doing them?

**Mr APPLEBYARD** - My recollection is probably not. They have had this approach of, 'Go away and work out what full cost recovery is and then leave it to government to determine just how large a subsidy we provide'. There have always been issues on the periphery such as looking at what incentives they can make, such as introduction of new technology, to make operations more efficient -

**Ms RATTRAY** - Smaller buses.

**Mr APPLEBYARD** - Smaller buses, perhaps.

**Ms RATTRAY** - It's a question I get posed to me often. You see Metro buses driving around the streets and they're huge buses with only six people in them.

**Mr APPLEBYARD** - One driver still.

**Ms RATTRAY** - The question continues to be asked, 'Why don't we have smaller buses?', but we get the same answer, 'We might need the bigger buses at another time'.

**Mr VALENTINE** - In those terms of reference does it ask you to look at social inclusion issues? People continually being offered concessions are always thinking that they're behind the eightball, and that's an issue for a lot of people. It sets a certain mental attitude.

**Mr BURGESS** - Usually regulators are given the role of determining outcomes that would reflect the competitive market, even though it is a monopoly situation. The second question of what level of concession is offered to different groups is usually undertaken

by the elected government rather than the independent statutory body because there are important socioeconomic issues associated with that.

**Mr APPLEYARD** - There wasn't a reference to that issue. There certainly was in relation to developing principles for the determination of appropriate level for the flat student fare. That was where we said we would benchmark the other one, but as Dean says, the level of concessional support is not within our bailiwick. It is an issue which always come before the regulator, be it on electricity prices or water and sewerage. Question - why aren't you doing more for the disadvantaged? Answer - we are not asked to. What we are asked to do is set maximum revenue caps and it is government's role to determine how much and how best to deliver that support.

**Mr BURGESS** - Similarly, the level of service they provide to the different catchments is determined by Metro and the government in consultation with their level of subsidy. The regulator then takes the outcomes of that to work out the maximum revenue.

**Mr APPLEYARD** - That scope of service also goes to the level of community support. If Metro were told to run a commercial operation they may very well run a 10-minute bus service up and down Elizabeth Street as far as New Town, but they are also asked to go to Opossum Bay, Mount Nelson and West Hobart, where patronage clearly is not going to be as strong as in other areas.

**CHAIR** - I presume you weren't given that sort of data about student numbers as to whether they were going to their local school or elsewhere. That might be an interesting question next time for the government with their current policy to try to encourage students to go to their local school. Currently the bus fare is the same for students, regardless of where they go - is that right?

**Mr APPLEYARD** - I wouldn't be sure about that but we did have some information in terms of the numbers of students making connective trips through the city.

**Mr BURGESS** - I don't think it went down to the detail of whether they were going to their closest school or one further away.

**Mr MULDER** - On page 141 of your report of May 2009 you have a reference to the costings such as fuel, labour - these are operating costs, I take it. Have you ever worked out the cost per passenger per kilometre of running this bus service?

**CHAIR** - You might get an answer to that question.

**Mr MULDER** - I'm certainly not going to get it from an operator, am I?

*Laughter.*

**Mr APPLEYARD** - My memory is struggling but I thought that in benchmarking where we looked at other states we did have some data.

**Mr BURGESS** - We certainly had the distance travelled so it could be calculated.

**Mr APPLEYARD** - May I take that on notice?

**Ms RATTRAY** - You would make the member very happy.

**Mr MULDER** - Is it valid to take those operating costs, and I am not talking about the major capital acquisitions but just the operating costs, and we'll get the total number of passengers for that year and divide it between them and the kilometres travelled. I think that data exists in different places and you may not have pulled the three together.

**Mr BURGESS** - Off the top of my head, I think that is possible. You will get an average but the issue with that is that, as we've been saying, some routes are a lot more viable, or less unviable, than others.

*Laughter.*

**CHAIR** - Whichever way you look at it.

**Mr VALENTINE** - That's a technical term; less unviable.

**Mr MULDER** - Yes, a double negative. I think that would be the next breakdown we'd like to do, especially if you're going to compare it to, for example, main corridor routes. For example, we would like to know the cost of running a light rail as compared to the cost per passenger of running buses down the Brooker.

**CHAIR** - Or running a ferry service.

**Mr BURGESS** - These have to be actual costs, too, not the social cost or the opportunity cost and things like that. We have to get down to some real dollars here.

**Mr APPLEYARD** - Around pages 90-91, we had some comparisons of fares but not necessarily costs. A crowd called Booz Hamilton undertook some benchmarking work, some of which we published. Chair, I don't want to take up your time now but I thought there was something in the report.

**CHAIR** - We'd be very pleased to hear, if you could do some work on that and get it to us.

**Mr MULDER** - I get the answer - go away and read the report.

**CHAIR** - No, Dean is undertaking to give us that figure, which would be wonderful.

**Mr MULDER** - That's good, thank you.

**Mr APPLEYARD** - Page 69 shows kilometre costs based on Metro's data. There are costs subcomponents there - cents per kilometre. Mechanics cleanse, et cetera is 14.2 cents; bus maintenance is 12 cents; parts and materials is 9 cents; bus running costs, which would obviously include the labour and so forth, is 52 cents. I think there is some other data in there as well.

**Mr MULDER** - Okay, that'd be good.

**Mr FARRELL** - I think this report was a great thing to include in our inquiry because a lot of the arguments we've heard against other forms of transport are exactly the same as you've discovered here as far as patronage and cost of running the service is concerned. It applies to all the others in exactly the same way so I want to make the statement that this has given us a base model to work from and we can just look at the other forms on an equal footing because it has highlighted a number of issues that have been presented to our committee about why other forms of transport might not work when Metro have been going through exactly the same things as far as costing, distances and places that have - what was the term - less viability.

**CHAIR** - Less unviable.

**Mr FARRELL** - Less unviable; yes.

**Mr MULDER** - It's the same jargon as 'negative growth', which I thought was 'decline'.

**Mr FARRELL** - I wanted to make the statement that I think this has been a really good document for us to look at because it will give us a good basis to look at the others.

**Mr APPLEYARD** - Thank you; we're always pleased to hear from happy readers. Sometimes we don't get that.

**Mr FARRELL** - I found that once I got into it I couldn't stop - 50 shades of black and white.

*Laughter.*

**CHAIR** - Here, the government owns and operates Metro. In most other states or capital cities, it appears that the government probably owns but certainly doesn't operate public transport, generally speaking. Did you do that kind of cost comparison at all?

**Mr APPLEYARD** - In terms of the benchmarking information, we took in bus operators, regardless of whether they were government or contracted out. Sydney is essentially government operated whereas Melbourne is essentially contracted-out services.

**CHAIR** - And Perth.

**Mr APPLEYARD** - I'm not sure whether it was in this inquiry but I think in a previous one we also had some data from a bus operator in Devonport. It was pretty scant, but certainly we will take whatever data we can find and we wouldn't distinguish between whether it was government owned or contracted.

**CHAIR** - That is one of the issues that has been raised here by other people putting submissions into the inquiry. Their contention is that if you contract a service out, tender it out, you tend to get a better price than if you run a government-operated service. While I have skimmed through the report and read the bits that caught my eye, I must admit I haven't been as quite as obsessive about it as the member for Derwent obviously.

**Mr FARRELL** - It wasn't intentional but once I got into it I thought it was really interesting underlying information.

**Mr BURGESS** - I think the objective was to benchmark against other operators regardless of whether they're public or private and in the theory of competitive neutrality they should be the same.

**Mr APPLEYARD** - Chair, on page 40 there is a description of the public sector and private sector comparisons. There was a report produced by Intec and for the purposes of the public sector comparisons there was Brisbane transport, Sydney buses, Newcastle buses and Action bus, which is the ACT public sector provider. The private sector comparative was made up of a 'non selective' sample of 58 private sector operators across Australia. It was a deep sample but the data was, as I said, fairly patchy in places.

**CHAIR** - Thank you.

**Dr GOODWIN** - Page 52 has a table of Metro's actual and forecast capital expenditure. I am not quite sure what route infrastructure relates to that. Is it bus shelters? In table 5.3 the third item down is route infrastructure and there is projected capital expenditure ranging from \$51 000 in 2008 and it goes up to \$810 000 in 2011-12 and then starts to drop back down again. I am wondering if you know what that is for - bus shelters?

**Mr APPLEYARD** - I would be guessing but I assume it would be.

**Mr BURGESS** - My understanding is it's for bus shelters, bus stops and some access issues around those as well.

**Dr GOODWIN** - You don't know what is underpinning the need for that expenditure in 2011-12 - have there been changes?

**Mr BURGESS** - Not specifically. I think the report noted that there were some vagaries around the capital expenditure program Metro had put forward in terms of the detailed justification for it, which is highlighted at the front. A lot of the justification at the time was addressing the disability requirements.

**Dr GOODWIN** - When you say there are vagaries around it, why is that? Is it that they're not quite sure what they need to spend or they couldn't adequately explain what they needed to spend it on?

**Mr APPLEYARD** - Capital expenditure estimates are always fairly difficult to make in any organisation and if you look at the totals across the bottom there is a certain pattern in that; although there is likeliness within the items there is a sort of constant total. So in a sense there's a rationing of capital that is available anyway. They might say they want to undertake all this capital expenditure but it is rationed and we can only do so much. So you tend to get the total and then they say, 'We want to do the ticketing system that's going to cost quite a bit in the early years so we'll hold off with other things', and - lo and behold - route infrastructure peaks later on. There is a bit of juggling in terms of how much you can take up.

**Dr GOODWIN** - In terms of their bus replacement they often don't have too many options with that because they have to comply with legislation and other requirements.

**Mr APPLEYARD** - They certainly do with the disability access issue, yes.

**Ms RATTRAY** - And the age of the fleet now, they have to comply with that like everyone else.

**Mr APPLEYARD** - You will note on that second line that tends to be fairly constant. I think they turn over the fleet on a fairly regular basis.

**Mr MULDER** - I notice Metro has looked a lot at trying to get incentives with increased fares. Given the fact that more than 85 per cent of commuters are using cars to get to work, has anyone looked at potential disincentives to motor cars?

**Mr APPLEYARD** - Not that I'm aware; it's beyond our scope.

**Mr MULDER** - It just seems to me that if we're looking at this thing being viable from your perspective we would probably need to look at the hidden costs of people using cars backwards and forwards for commuting. If there are some social benefits to be achieved it might require some disincentives.

**Mr BURGESS** - Like congestion tax?

**Mr MULDER** - I'm thinking more of stopping the massive amounts of free parking in the city that commuters use. For the true cost of using a car, you have to factor in the fact that you are providing a free ride by not having the cost of parking.

**CHAIR** - Thank you very much. Is there anything you would like to add before we finish?

**Mr APPLEYARD** - No, I don't think so. Thank you for the opportunity to speak with you.

**Mr BURGESS** - Thank you.

**THE WITNESSES WITHDREW.**

**Dr BOB BROWN AND Ms ANNA REYNOLDS WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.**

**CHAIR** (Ms Taylor) - Welcome to this public hearing. The evidence taken at this hearing is protected by parliamentary privilege, but I have to remind you that any comments you make outside of the hearing may not be afforded such privilege. Have you received and read the information for witnesses we sent you?

**Dr BROWN** - Yes.

**Ms REYNOLDS** - Yes.

**CHAIR** - The evidence you present is being recorded and *Hansard* will be published on the committee website as soon as it becomes available. Would you like to make some opening remarks?

**Dr BROWN** - We are here as enthusiasts for the northern light rail option. In my parliamentary career I have openly stated to federal parliament that I was keen on this idea and Anna and I have been working together to support it. As a very keen advocate of Hobart as a capital having the amenities of similar cities that are on the go into the future, we have this historic opportunity of converting the rail line through to Granton or Brighton, preferably the latter, into a passenger rail service, but it's going to go, so we're at a watershed decision for Hobart and Tasmania here. If the operation is not taken up it will rapidly be lost to the future, and the cheapest time to take up this operation is now because the rail is live and the infrastructure is there. The infrastructure as real estate is worth some hundreds of millions of dollars and it's there as a gift, if you like. We're not at the point that they were in the 19th century of having to find their way to add rail to the carriageways of the day. It is there, it is beautifully situated and it was active as a passenger and freight railway up until the late 1970s and since then as a freight option. The stations are available, the crossings are lit and this is an opportunity for which most similar cities, and certainly capital cities around the world, would give their eye teeth for.

I have recently been in Canberra, which was set up in the age of motor cars, and in the run-up to an election - so we must take that into account - two of the parties there have made commitments for light rail to go from the centre of the city, Civic, up along Northbourne Avenue and out to Gungahlin in the northern suburbs. They have to build it. It is an option worth many hundreds of millions that they're looking at. We have that infrastructure; we just need the rolling stock and the wherewithal that modern rail requires, but this is a brilliant opportunity and it's up to us to take it or lose it. Every year, if a decision is not made to proceed with it, will be a year of mounting costs against that decision being reversed somewhere down the line.

For example, the crossing infrastructure will go; they will be converted to crossings for vehicular traffic. The railway crossings will be disrupted, there will be pedestrian access and/or bikeways where that proceeds, but that will be it. It is very expensive to reverse that once it has happened.

I took the opportunity when I was a senator to fly with a few folk over the rail and I have some pictures if I may present them to you.

**CHAIR** - You actually invited me to come along and I wasn't able to because parliament was sitting. I would have loved to have done it with you.

**Dr BROWN** - The top picture there shows the railway coming out of the city around the Queens Domain and then sweeping to the north. The second picture shows the process of the line snaking its way further north. The third picture is the railway station at Granton and the last picture shows the bridge and the rail line arriving at Bridgewater. When you get in the air, you see this line going through the northern suburbs, the bulk of the city. It is brilliantly placed with the opportunity for other modes of transport, including ferries and buses in particular, for car parking to be at a series of railway stations to feed in. At the Granton station you can see the potential for the Derwent Valley and New Norfolk and, if the rail doesn't proceed beyond Granton, those growing suburbs across the river to come to Granton, park and quickly be brought to Hobart on fast, cheap, efficient light rail.

**Mr VALENTINE** - Are you saying an extra line being put in to New Norfolk?

**Dr BROWN** - That's always another option for the future, but I'm saying that people would drive from New Norfolk to Granton, or catch a bus, and there is ample opportunity then to walk to the rail and be in Hobart much faster than you can come down the Brooker.

The second part of our submission goes to the fact that some information is not available publicly that is available in other states. That is a matter we note. I have spoken to federal Minister Albanese a number of times about this and as senator I've spoken with the Minister for Regional Development, Mr Crean, and the Prime Minister a couple of times to say, 'Here is a project for Hobart which, besides the immediate infrastructure spending and jobs, would hold the city in good stead over the coming centuries and will only be used more as it goes down the line.'. What we have in front of us, though, is the request from Tasmania for some \$238 million to upgrade and refurbish the Brooker Highway for motorised transport. For \$80 million to \$100 million we can have light rail with people being brought rapidly into Hobart and the pressure released off the Brooker, instead of increasing the pressure there and then having to pay for it. At half the price the light rail could be brought into Hobart.

**Ms RATTRAY** - And with little disruption, too. That sort of money spent on the Brooker Highway would cause an enormous amount of disruption to traffic.

**Dr BROWN** - Temporarily, but in the long term it would make traffic flow more efficient. One of the things we need to do better in spending this money is looking at how you would bring the traffic to the rail and bring the rail passengers into the city.

I will get for the committee the visuals of what is proposed in Canberra. We've got the rail and the infrastructure, which they don't have. We're very excited about this and I know a lot of other people are but I'm very concerned that this opportunity is not going to be taken up. I think there would be big community support for it. We need across-the-board getting together of advocates for this option and it will work. In terms of federal government expenditure, let's face it, this is a very minor item. I think the federal government could be convinced very rapidly, particularly with the next round of



submissions going in next year for the 2014-15 year, to put this upfront and get on with it.

**CHAIR** - Bob, one of the difficulties we have had even before this inquiry started - and it was one of the things that probably led to the inquiry - is that we have two ministers responsible for one department - the Minister for Sustainable Transport and the Minister for Infrastructure. In a sense, they would need to work together on public transport options and we haven't been able to get either of them to come to this committee. That was one of the hopes we had, that because they operate in different areas that they might at least come to this committee and we could put the case and hear from both of them, but you have some influence, I'm sure, with one of those ministers. Could I encourage you to impart your enthusiasm?

**Dr BROWN** - I've spoken with Nick McKim a number of times about this. We know what the department has. I don't think it's enthusiastic about it because it takes a leap of imagination to a different form of transport. I don't think anybody is at fault for that. I think they're working the best with what they have.

**CHAIR** - It's their remit. Buses and roads is all there is, with buses the only public transport.

**Dr BROWN** - Without going beyond those private conversations, I'm absolutely sure the Minister for Sustainable Transport would be enthusiastic about this if the government were to come forward with this proposal.

**CHAIR** - But he is part of the government and he hasn't supported it.

**Dr BROWN** - Yes, but he's not the government. He's not opposed to it, either.

**CHAIR** - He did back the panel inquiry, which was really good. It was great that that was part of the budget, but you will have read the final report from that inquiry into the potential for light rail. The report, in terms of the group that you are connected with and representing, the Northern Suburbs Light Rail Committee, has lots of holes in it and it really hasn't been properly examined or questioned. While I understand it is the department, these are the two ministers responsible for the department.

**Dr BROWN** - Maybe I need to speak to Mr O'Byrne and use what little influence I have to get the two of them together.

**CHAIR** - It would be really good.

**Dr BROWN** - Yes, because ministers are somewhat captive to the expert information coming forward because they have to act in the public interest. I think that information is short because there is an ideology there, which is understandable, that we have bus transport and that is what we are best to build upon. Our view is that we have a phenomenal rail option sitting there which we're about to lose and we shouldn't allow that happen because it will be the centre point of public transport for the whole of the northern suburbs into the city. It's just such a pity that we disconnected it in 1978 or 1979 but, nevertheless, we have the option.

**CHAIR** - Modern light rail, to be fast and whatever, needs a whole lot of work done. I can understand that in the 1970s, when it was a slow train, you couldn't have just converted to this.

Finishing off on the department bit and the government's role, it seems to me that, should the department not take its lead from the government and the ministers of the day, rather than the department saying, 'This is all we can manage and this is all we're interested in', the leadership surely has to come from the government.

**Dr BROWN** - Yes, but the government hasn't made a decision to go with this.

**CHAIR** - No.

**Dr BROWN** - My view is that they should. I can certainly say that when I talked with Nick McKim, he is not standing in the way of that. I think this speaks for itself and a positive outcome from this committee could be pivotal in what happens into the future, but of course you have to look at all the pros and cons and make your own decision about that.

**CHAIR** - We just had the Economic Regulator telling us that only 3.1 per cent of people catch buses so if that is the only public transport there is we surely should change that.

**Mr MULDER** - Regarding some leadership from some ministers, in the submission you talk about all the opportunities that DIER has missed, but surely it is the ministers who have missed in their submissions to Infrastructure Australia. I think the point we are trying to drive home here is that it's one thing to criticise DIER for what it has or hasn't done but isn't that also the responsibility of those ministers, who consider themselves to be visionary and strategic, to say, 'Broaden your thinking when you come to us with submissions and assumptions'. I guess that is leaning on your colleagues.

**Dr BROWN** - It's chicken and egg, isn't it, and I think if this committee comes up with a positive finding the ministers may well -

**Mr MULDER** - It would be really nice to see them here and tell them that directly, of course, but they won't turn up.

**CHAIR** - We have hopes.

**Ms REYNOLDS** - I want to home in a bit more on some of our points about Infrastructure Australia opportunities. I agree that it is a bit of a chicken-and-egg situation - is the department driving this or is the minister driving this? Infrastructure Australia has been accepting submissions from state governments since 2008 so in a sense the department and some of the people who put in the submissions continued along while there were changes in ministers and the structures of departments. In a sense it is the culture of the department that can start to influence the kinds of choices and things that are put into Infrastructure Australia, particularly when there is no really open public process to discuss what should be in Tasmania's submission.

One of our recommendations is that it is not only DIER that makes these submissions, it is a whole-of-government approach where a range of departments are brought into the room to discuss what sorts of submission should be put into Infrastructure Australia.

This is one of the biggest financial opportunities Tasmania gets from the federal government. The amounts of money that are available through Infrastructure Australia are really quite large and they are an opportunity for us to do really substantial and strategic things, yet our sense is that there are favourite road projects that are pulled off the shelf and put in and there really isn't strategic thinking going into what would be useful from Infrastructure Australia.

I want to quote a couple of things from Infrastructure Australia itself because in their most recent report they say that currently infrastructure planning remains focused on major projects rather than what infrastructure can do to improve Australian lives. That is certainly what we feel we are seeing from DIER. Behind the scenes Infrastructure Australia people have said to me that this is the kind of feeling they have about the submissions coming from Tasmania. They are very road-focused ideas, quite marginal projects that are in a sense just fixing up the potholes and not thinking about some of the long-term social and environmental issues.

**Ms RATTRAY** - More of the same - is that what you're getting at there?

**Ms REYNOLDS** - More of the same. Infrastructure Australia does fund road projects. I'm not suggesting they don't fund road projects but when they do they're presented as highly strategic, major big city bottlenecks or major freight routes, whereas I think some of the proposals Tasmania is putting in are really fixing up an urban transit issue and it would be more strategic to put forward a well-considered public transport proposal. The Brooker Highway proposal worth \$200 million is for fixing up a few intersections and widening a piece of road at the Domain and most commuters within a couple of years would barely notice the difference, whereas for half the price you could have a new transit system that really made a strategic impact in the longer term.

One other key report that I would encourage the committee to get hold of is the review of capital city planning that was undertaken by the COAG Reform Council and released in September 2011. The chapter on Tasmania is fairly critical. It says that using infrastructure to achieve the strategic, economic and social goals of government and to manage policy issues was not strongly demonstrated by the Tasmanian government. This is the problem we have. This great opportunity to get infrastructure funding is coming straight out of the road engineering department of DIER and isn't involving whole-of-government thinking about longer-term important strategic use of infrastructure.

**Dr GOODWIN** - That's a bit of a theme we've been hearing in this committee, about the silos approach to public transport. Initially when you want to talk about integrated public transport you need to think about the wider social and economic benefit -

**CHAIR** - But also, to be fair to DIER, they don't have any area of their department that deals with anything but road transport and buses because there is no section for trains or ferries.

**Dr GOODWIN** - But the point being made is about consultation across agencies and recognition that transport impacts on housing, employment, education, health; it's not just about getting from *a* to *b*.

**Mr MULDER** - Isn't this the point, though? That's what we have ministers for, to talk together around the cabinet table to cut through all this silo thinking.

**Dr GOODWIN** - Yes, but you've got to have it at the agency level too.

**Mr MULDER** - We now find that they've been driven by their departments instead of doing their job, which is to cut through the stuff. That's the observation I make.

**CHAIR** - One thing I found of interest in your submission - in fact, what you said at the beginning, too, Bob - is that these documents should be public. I think you intimated that in other states this is so. Where do we go with that? Your recommendation says do we just ask the questions -

**Dr GOODWIN** - Well, if we could talk to the minister we could ask him to make them public.

**CHAIR** - We could ask the question.

**Mr MULDER** - We could write it up in the recommendations.

**CHAIR** - I suppose we could ask the question in the House; can we please see the documents received?

**Mr MULDER** - We'll just write them into the report.

**Mr VALENTINE** - That's right.

**CHAIR** - Yes, we could.

**Mr MULDER** - As recommended by Mr Bob Brown and his associate the minister.

*Laughter.*

**CHAIR** - No, they're our recommendations. We can adopt other people's.

**Ms REYNOLDS** - It's fair to say that the DIER submissions to Infrastructure Australia for 2010 and 2011 are public. They haven't made their 2012 submission public. I have phoned and asked when it's going to be made public but it hasn't yet. We're not suggesting that there's no transparency at all but, for your purposes and for public interest generally, I think we need to make sure that they all come out in a timely manner. Also, importantly, there are still more opportunities to come. Being ready for the next Infrastructure Australia submissions, which will open in April and close in August next year, is a really important chance for us to fix these mistakes that have been made in the past and have a broader conversation. Why not? Why doesn't the department run some broader community consultations as well? These are big amounts of money and there should be an opportunity for the Tasmanian community to have a bit more of a say in what is put into these submissions.

**Mr VALENTINE** - It's actually been done through the Southern Tasmanian Council Association.

**CHAIR** - The government hasn't done it.

**Mr VALENTINE** - No, the government hasn't done it but the legwork has been done in terms of consulting the community and asking what they want. I think you're right; a lot of the capital city planning stuff is actually based on that but it simply wasn't taking that extra step that they should in terms of social inclusion and the like. I think a lot of the reason the Brooker received the funding was because of the AusLink 2 focus. The only reason the Brooker got funding was because we managed to get that road into the AusLink 2 agenda between the airport and the city and the city to Granton. It wasn't there in the first place so that's probably why they focused on the road. As to the broader agenda, do you see that we should be not only looking at the northern suburbs railway but also the east because, quite clearly, there are a lot of people out there. Wouldn't you agree that this is something that ought to be on the agenda as well for railways?

**Mr BROWN** - Yes, and I think -

**Mr VALENTINE** - From the airport to the city and from Sorell to -

**Dr BROWN** - Well, the more you drive up past Bagdad and Kempton you can see the city is going to continue to grow to the north as well as to the east.

**Mr VALENTINE** - People least able to afford it.

**Dr BROWN** - That's why I think it will be a huge mistake if there's a new bridge across the river up there which doesn't accommodate rail because it forecloses on that option into the future.

**Mr MULDER** - In your submission you've talked about the capacity for Granton to be a car parking hub, so are you abandoning the idea that a rail crossing over the Bridgewater bridge would still be a good idea?

**Dr BROWN** - I think it's a must for the future and it's very concerning that there are proposals for replacing the bridge which don't accommodate rail. One of the reasons for the transport hub being on the other side of the river is that it no longer requires that river crossing. In terms of developing this proposal - and again, all the infrastructure is there - taking the rail through to Brighton and beyond in the future makes this doubly attractive as a proposal. The option of going to the eastern and southern suburbs through to Kingston are not foreclosed by this, they are kept open.

**Mr VALENTINE** - No, but I'm saying it makes it more economically viable if you broaden the vision a bit and look at it. Bringing people in from the eastern suburbs and Sorell and crossing at the Bowen Bridge presents no problems for yachts and links up with the zinc works old line and then you're into Hobart, and you're picking up people on the way through there as well, so you're making it more viable. What I was pointing at is that the vision you're talking about with the northern suburbs could be extended to the east as well, couldn't it?

**Dr BROWN** - It keeps open all those options.

**Mr VALENTINE** - And the link to the airport.

**Dr BROWN** - Yes.

**Mr MULDER** - Bring on the Sorell to Bellerive railway station, complete with a tunnel.

**Mr FARRELL** - Regarding the Bridgewater Bridge crossing, I think something that should be looked at there is retaining the crossing on the causeway and looking at a different style of bridge that may not confuse the argument with the replacement of the bridge. I think there are some ways of getting around that issue.

**Ms RATTRAY** - Anna, my question takes me back to what you said about Infrastructure Australia and their expectations in the way of submissions. In your recommendations you say you seek advice from Infrastructure Australia about its view, and maybe Dr Brown could help me. Can you just contact Infrastructure Australia and ask, 'What are you looking for this round?'. Is that the type of thing you mean, as simplistic as that?

**Dr BROWN** - Yes, very much so. They are looking for innovative projects that give good infrastructure to communities now and into the future. I can't think of one in Australia that's better than this one because it has such a head start.

**Mr VALENTINE** - But they want it to be linked, don't they, to the strategic direction of the region?

**Dr BROWN** - Yes.

**Mr VALENTINE** - That's the thing they're looking for, that linkage.

**Dr BROWN** - Yes. They're all very aware of the trend around the world from car transport to public transport, so that link is almost automatic and there is a very strong case for it here in Hobart. There is a receptive mind up there, I'm sure, for it.

**Ms REYNOLDS** - There's no reason why as an inquiry you couldn't contact them and say, 'We are looking into integrated transport options. We're aware there is federal money available. Could you appear before us via videolink or phone to tell us a little bit more about the process?'. I would encourage you to get some thoughts from them and understand what's coming up. They are an advisory agency to government. Not everything that they think is a good idea gets supports by government - for example, they put their recommendations to the Minister for Infrastructure, Minister Albanese, and he may add in a few extra projects he thinks are politically -

**Ms RATTRAY** - Marginal seats or anything like that?

*Laughter.*

**Ms REYNOLDS** - Generally speaking, their advice will be followed, and I think it's important for you as a committee to hear about the kinds of public transport proposals that have been successful and why. If Hobart is to be ready for a good proposal to go in August next year on a public transport option there is a lot of work to be done and you will need to move outside DIER because I imagine that Infrastructure Australia will want

to hear about what the councils are going to do to help drive planing and passengers to the rail and what is going to be happening with housing and the planning around the line to ensure that there is medium-density housing built along the line over the coming years. The kinds of proposals being funded by Infrastructure Australia demonstrate that there has been broad strategic planning and the involvement of a range of agencies, not proposals that have a very narrow focus and don't consider the social issues.

**Mr VALENTINE** - What do you think of the inference made that it's all very well to put in the infrastructure, \$240 million - or you're saying \$80-100 million -

**CHAIR** - No, that is what the report came up with.

**Mr VALENTINE** - but actually maintaining it into the future is the big issue. One-off funding is one thing, but what is your comment on long-term usage of this given that only 40 000 people might use it?

**Dr BROWN** - I heard the chair asking the last witnesses about public-private partnerships and they are a big part of modern thinking right around the world. It is a very good question and I would prefer it to be in public hands, but we ought to be putting that forward those options with research. Again, I don't think DIER is going to provide that information; it is going to take broader community consultation for that to happen.

**Mr VALENTINE** - But IA won't fund it unless that's there, will they?

**Dr BROWN** - It is the chicken-and-egg thing again. I think we have enough people across the spectrum of the community and politics and levels of government to make this happen. The Lord Mayor and I had a talk after that helicopter flight and the idea of getting together a community -

**CHAIR** - Are you talking about this Lord Mayor?

**Dr BROWN** - No, Damon Thomas, his successor. I think it's a very good idea. It's a bit daunting but I think it is a very good idea because I'm a little concerned that there is a diffuse number of people across the community who say this is a great idea but we haven't got together. We've left it to the enthusiasts of the rail advocacy group in the north but it is going to take a much wider community campaign on that. I think Canberra would say yes to it.

**Ms RATTRAY** - Isn't the Southern Tasmanian Council Association the ideal vehicle for what you're talking about there? They already represent all those areas of local government that are community-focused.

**Mr FARRELL** - That also depends on how the mayors view this project, and there are certainly some who view it favourably and others we have had to this hearing who think it's not going to work.

**Dr BROWN** - The group I was talking about needs those people who think favourably about it to get together and talk about it. I put my mind to doing that in this 12 months we have before the next round of decisions by the commonwealth.

**Mr VALENTINE** - Also the federal departments need to come together. IA is one but there is also housing and those other aspects of federal government funds that could add some impetus to this. They're not singing from the same hymnbook.

**Ms REYNOLDS** - The Brisbane proposal that was successful in the most recent rounds was the Cross City River Rail Project, which was submitted twice to Infrastructure Australia in Queensland and was successful in the most recent round. Their submission demonstrated how the state government was going to undertake a whole heap of rezoning and the local government was going to do things with parking charges, so there needs to be demonstration that a range of levels of government are behind the vision that having a good, accessible rail line through the city is a key part of our future and that all levels of government are going to work to make that happen. That includes some decisions about rezoning of the land around the line and some decisions about parking charges. It's not just a matter of one department throwing it in. It needs to be considered in that strategic sense.

**Mr VALENTINE** - Funding to childcare centres as well.

**Mr MULDER** - You're suggesting that disincentives have formed part of the plan, not just incentives.

**Ms REYNOLDS** - In a sense, yes.

**CHAIR** - Bob, you said earlier and in your submission that DIER and probably greater Hobart still has a car-centric mindset which is being abandoned in other jurisdictions around the world. You talked about other cities around the world taking this opportunity and providing light rail infrastructure. Do you have any examples of similar cities that you might think are worth us having a look at?

**Ms RATTRAY** - Only on Google, that is.

**Dr BROWN** - I can't name similar-sized cities here and now but if I can take that away I will come back to you with it.

**CHAIR** - Yes, that would be good. Thank you.

**Ms RATTRAY** - A bit of homework for you, Dr Brown.

**Dr BROWN** - I will enjoy it, thank you, with some of my new leisure time.

**CHAIR** - Yes, I'm sure there's heaps.

**Dr BROWN** - That's a very fair question because there's nothing like having examples where it's already happening.

**CHAIR** - Yes, and we keep being told there's no point in talking about Brisbane or Sydney or whatever because they are so different, but we're also told there are heaps of other places in the world doing similar things to us and may not have, as you rightly pointed out, the infrastructure already there to start with. You do sound a bit like Tim Fischer.



He hasn't put a submission in to us but he was in Hobart a couple of months ago at a dinner saying, 'This is a gift. You've got this infrastructure sitting here.' .

**Dr BROWN** - I wasn't able to make that dinner but he's a great rail enthusiast.

**CHAIR** - But it was a similar point, that we don't have to start from scratch and buy real estate.

**Mr VALENTINE** - We need cities that have similar catchment issues.

**CHAIR** - That would be useful.

**Mr VALENTINE** - What is the catchment?

**Mr MULDER** - It's 70 000 at the moment.

**Mr VALENTINE** - We need to see the levels of subsidies that they might be offering. This is what we need to know.

**Mr MULDER** - There's not much chance for an increase unless the bridge connection is there. You mentioned earlier on about cities, but it's not the size of the city we have to look at, it's the catchment of the north rail line which now brings it right down into figures like 70 000 potential people being serviced by the rail line. That's where I think all the issues start to come about patronage and usage.

**Ms RATTRAY** - When I'm travelling in to Hobart from the north of the state, mostly on the Midland Highway, I allow myself an hour from the time I get to Bagdad to get into Parliament House because I can never predict what the traffic might be doing at any given time.

**CHAIR** - So you'd like a train from Bagdad - park and ride at Bagdad?

**Ms RATTRAY** - That's right. If people could get in in a much shorter time frame -

**CHAIR** - Or could depend on it.

**Ms RATTRAY** - Yes, and know that you could get in in 15 or 20 minutes or whatever.

**Ms REYNOLDS** - Has the committee had access to all that information in the departments, the Premier's cost of living study that looks at Tasmania having the second highest rate of car ownership in the country after WA and the amount people are spending each week on transport costs?

**Ms RATTRAY** - We're well aware of that.

**Ms REYNOLDS** - That has to be part of the thinking, the social benefits of there being more money in the community to spend on other services if transport costs are reduced through this kind of project.

**Mr VALENTINE** - I am sure they'd be better off not paying \$110 a month or whatever it is on car parking.

**CHAIR** - There is also the cost to the environment of the long-term benefits.

**Mr VALENTINE** - Electric cars will take care of that.

**Dr BROWN** - The great point with electric cars is that with modern transport systems you drive to the parking spot where you get onto the public transport and then just plug in and when you come back your tank is full again.

**CHAIR** - Yes.

**Mr VALENTINE** - You do need those childcare centres at those zones otherwise you won't get them out of their cars; they'll take their kids to the childcare centre and then continue on. That is why I am suggesting with regard to the federal government and the social side of things that the funding of childcare centres needs to happen at the same time as the funding of the transport.

**CHAIR** - Maybe they happen as a result. When you look at other places where that has happened and then the supermarkets and shopping areas, housing and childcare centres, all those services, it is chicken and egg, as you say -

**Mr VALENTINE** - Claremont is a classic, isn't it? Imagine proper childcare centres being available at Claremont shopping centre and the rail line is just there -

**CHAIR** - They are not very far away.

**Mr VALENTINE** - No, but it is there -

**CHAIR** - That is right.

**Mr VALENTINE** - If they're coming in from who knows where they could be dropping their kids there and then catching the train into Hobart.

**CHAIR** - It is certainly the modern lifestyle that people don't have single-focused journeys; they don't go just from home to work, they go from home to child care, drop the kids at school, go to the supermarket on the way home and all that sort of stuff.

**Mr VALENTINE** - If your schools and your childcare centres are in the same vicinity it makes it easier.

**CHAIR** - That's why we have lots of schools along the Hobart railway line. That's why they were built there.

**Mr VALENTINE** - That's right. Originally that was the case, like St Virgil's.

**CHAIR** - Are there any other last points you would like to make, Bob or Anna?

**Dr BROWN** - No, but I will come back with the similar cities options as soon as I can.

**CHAIR** - That would be really nice, thank you.

**Ms RATTRAY** - Have you been impressed by the level of interest in the committee, Dr Brown?

**Dr BROWN** - Yes. I would like to reiterate that we're not only looking at the great opportunity here but we have to look at the opportunity lost, because if we don't take this opportunity up I think that's it; there will be all sorts of other commercial infrastructure options that come and make that rail very difficult to get back again. There are hundreds of millions of dollars real estate value there and it will be taken up by other options, so we are at a really historic point in this capital city as to whether we decide to go ahead, but we have to know that if we deciding not to go ahead with it we are forgoing this option if the decision is made to take up other options.

**CHAIR** - Thank you very much.

**Dr BROWN** - Thank you all.

**Ms REYNOLDS** - Thank you.

**THE WITNESSES WITHDREW.**

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**Mr STUART DAVIES**, CHIEF EXECUTIVE OFFICER, COMMUNITY TRANSPORT SERVICES TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Ms Taylor) - Welcome, Stuart, to the public hearings of this committee. All the evidence taken at this hearing is protected by parliamentary privilege but anything you say outside of this hearing may not be afforded that privilege. I notice the press has been here this morning and they may or not ask to talk to you afterwards. Have you received and read the information for witnesses?

**Mr DAVIES** - Yes.

**CHAIR** - The evidence you're giving is being recorded and *Hansard* will be published on the committee website as soon as it becomes available. For the record, could you advise the committee of your field of interest and expertise?

**Mr DAVIES** - My field of interest is transport and my role is CEO of Community Transport Services. My background in transport in another life was as head of student transport services in Tasmania, head of passenger transport in DIER, and commercial manager of Metro Tasmania.

**CHAIR** - In talking to you before you put in your submission, Stuart, you were saying to me that community transport is a very important part of transport and there are things we should hear in relation to public transport. Would you like to give us an overview?

**Mr DAVIES** - I've provided the secretary of the committee with a document.

**CHAIR** - Which we've all received.

**Mr DAVIES** - Given the subject matter, integrated transport options, Community Transport Services has developed a district-based model which is designed to deal with, in the community transport context, the significant differences of transport needs, demand and structure in each of the geographical locations in Tasmania, which we divided into 10. For example, non-emergency medical transport on the west coast would be 44 per cent of the trips and in Hobart it would be 1 per cent - those types of differences.

CTST is a HACC-funded commonwealth-state entity providing non-emergency medical and social trips for eligible clients under the HACC program. From an integrated transport perspective, it has potentially a bigger role. It could operate as a feeder in rural areas to existing commercial operators and we are trialling some of those instances now. The potential of community transport is that it should be determined by its task, not its source of funds, and it needs critical mass. There are too many small players who have positioned themselves in the market for a various range of reasons over many years, none of which are particularly relevant today. Given that sort of potential of community transport, I would point out to the committee it is truly probably the only one that's all over Tasmania - country towns, everywhere.

The data we obtain gives us interesting age profiles in rural areas. One of the issues worth mentioning to the committee is that there is a lot of confusion in the marketplace

about public transport. By using the public transport label in various environments you have people taking different positions.

**CHAIR** - Are you public transport, for instance?

**Mr DAVIES** - I would treat non-profit transport as that which charges a fee, doesn't use street infrastructure and doesn't have timetables, whereas commercial transport charges fares, uses street infrastructure and has timetables. There is the distinction between the two. Within the commercial, there are people such as the private operators who are not that private given their fares are determined by the Transport Commission under a formula rather than themselves, and Metro, which operates on a purchaser-provider model, where the government is purchasing services, so whilst it is private it also has a public relationship. The definitions are a problem depending on the subject matter you're talking about in transport. We look at it from the point of view of commercial and non-commercial and define it by those two definitions.

Probably the greatest issue for us now is the funding environment that the commonwealth and states find themselves in versus the capacity to pay the client. Funding formulas for these services are constrained to things like CPI models so the fees collected will play a greater part in the overall financial position. Therefore, the factor of capacity to pay is discounted accordingly. That's the environment in which community transport currently operates and the briefing paper I have given you outlines who we are, some raw statistics and activity levels.

**CHAIR** - I'm thinking through what you said. Your definition, for instance, of public and private as commercial and non-commercial -

**Mr DAVIES** - To separate the range of transport into two camps.

**CHAIR** - If you take something like Metro or any heavily subsidised public transport, the reason it is subsidised is because of the community service it does; for instance, it will go to places that are not economically or commercially viable because that's its charter and it needs to do that. It's not commercial in a sense.

**Mr DAVIES** - Most subsidisation is generally directed because it's uneconomic.

**CHAIR** - Yes.

**Mr DAVIES** - In my past role in passenger transport in DIER, I probably cancelled nearly as many licences as I issued on the basis that there are a lot of people in Tasmania who would like something but they don't commercially use it; they want it just in case. That's understandable but it's not economic. You also have a school bus industry that is not interested in integration because the lifestyle and other economic structures of the owners is often incompatible with doing any more than school bus runs.

**Mr VALENTINE** - Do you see that there might be some silos happening here where public transport is for the general populace and community transport is for the disadvantaged and elderly who may not be able to drive themselves?

**Mr DAVIES** - No. Community transport, in our case, is for HACC-eligible people which fits that definition of not being able to drive, but in itself it's an anomaly because it's called community transport but it's actually a particular section of the community; not the community in general.

**Mr VALENTINE** - That's exactly right, so is it possible that it might be more viable to provide for that sector of the community if, indeed, you were to open it up slightly and allow the general public to use that service in those more isolated areas.

**Mr DAVIES** - In part, but as I said earlier, I would look at it more that it should be defined by its task and not its source of funds. You could broaden the role of community transport across the non-commercial sector. You would confine it to the various categories of clients that could be eligible to use it that would be from home or an organisation. That would be the departure point; they wouldn't be using the street infrastructure and running timetables and competing with the private sector. It has a real potential, particularly in Tasmania, to feed the sector. I am not being facetious when I say this, but I often say that the vast majority of people in the country don't live on the bitumen. We've got a trial going at Swansea at the moment where, for various reasons, government put funding into running a service at Swansea. In theory, it sounds fine except the vast majority of people who use it live within a 40-kilometre radius, so they have to get to Swansea.

They're the sorts of issues. I see community transport, because of its presence, because of its structure and because it's statewide, if you broaden its definition and then make it a feeder you have the advantage of being able to supplement the private sector, you reduce the number of times they're running down the highway together to the road that leads to the Royal and, most importantly, if you work with the private sector, the vehicle that would have otherwise gone to the Royal or some other destination in Hobart is actually retained in the geographical area for the rest of the day rather than be gone, given that a vehicle can only travel in one direction at one time.

**CHAIR** - Stuart, why can't you do that now? I understand that you've got your client -

**Mr DAVIES** - Because I'm HACC-funded.

**CHAIR** - Yes.

**Mr VALENTINE** - That is the silo.

**CHAIR** - I know that, but even for your HACC clients and other people who are eligible to use your service you still don't do the integration stuff. Why not? Why don't you just take them to the nearest hospital?

**Mr DAVIES** - First of all we're HACC-funded and secondly we're moving to the very thing that I'm describing in that we now allow other people to travel on our vehicles providing a HACC person doesn't miss out. If one was to use their imagination that opens up all sorts of possibilities, which is exactly what it's designed to do. We have a different fee structure for the non-HACC person. My 10 districts have a transport coordinator, not a booking clerk, whose job is to use the resources to the best effect for people. If we have

a 15-seater and only three HACC people needing a trip that day it doesn't matter if we have 12 from somewhere else. That starts to open the door.

**CHAIR** - And you're allowed to do that?

**Mr DAVIES** - We are doing that.

**Ms RATTRAY** - How do they know about that?

**CHAIR** - That wasn't my question.

**Mr MULDER** - He's under oath, be careful - he'll take the fifth amendment in a minute.

**Mr DAVIES** - Not at all!

**Ms RATTRAY** - How do they know about that service?

**Mr DAVIES** - We don't market our services per se because we couldn't afford to fund the consequence of doing it well. You also have to allow for the fact that in rural communities word of mouth is very powerful and effective. Last year, outside net of deaths and transfers to residential care, we had an increase of 800 clients. We are funded at 2 per cent of CPI. I am not here denigrating the funding mechanisms but there are not too many transport businesses in Australia running vehicles, trains or planes that don't have a capital source, but anyway, that's another issue.

**Mr MULDER** - At the moment you are technically a niche provider for clients who are transport disadvantaged and can't get around the way the rest of us do. You are suggesting that you could expand that to some extent to provide a feeder service to the main public transport corridor. Given the need for that, which is quite clearly out there, does that mean an expansion of your fleet and services, or are you suggesting that you've got what you've got and if the opportunity exists to take some additional people you should do that.

**Mr DAVIES** - I will answer that from a resource point of view. There are a number of services out there at the moment supplied by a lot of people whose reason for being is not transport. They have a few vehicles, a few drivers and they either don't charge appropriate fees or they cost-subsidise within the organisation. That has a short future.

**Mr MULDER** - Give me an example of that, I'm just struggling a bit.

**Mr DAVIES** - The Asthma Foundation, for example, although I'm not saying that they do but that type of organisation. Their reason for being is *x* but they have, through grants and other programs like Cars for Communities, they have vehicles for which their cost structure doesn't include depreciation, so at some stage down the track they will need to replace those vehicles for which they haven't provided depreciation, weren't required to in the submission to get the vehicle, and they will be opportunities for us.

**Mr MULDER** - Okay, I am clear.

**Mr DAVIES** - We are also working on making it well known to people that we will go in, using my district-based model, we will provide your services for you as you need them now, but you retain your four or five drivers and your one or two vehicles. We will use our district coordinators to meet your needs. We will purchase the hours from you, in other words. If in 12 months' time you're happy with the service you're getting then we go to the funding body together and have the funds transferred to Community Transport, which then goes to one of the key issues for community transport and that is critical mass.

**Mr MULDER** - Then we get the idea that then expands beyond those communities, which is where my question is leading, to the general public as feeder services, or are we suggesting that it remains within a specified client base?

**Mr DAVIES** - I would argue in the first instance that it remains within the non-profit sector with all the range of clients in that. My view on integrated transport is that you need to fix the inputs properly before you look at integration, otherwise you will integrate bad inputs.

Community transport needs to be sorted so that as it is expanded it covers the non-profit sector, it has critical mass and resources, and then it can be looked at in terms of what it therefore might be able to offer other sectors.

**Mr MULDER** - We're talking about a specific client group and a bit of capacity if the bus is empty for the general population at large versus expanding this into a general population type of thing. My concern with this is that we talk about it all being subsidised, but that isn't free money, it is the general community and basically the non-users, particularly in the case of public transport, who are subsidising the 4 per cent of users.

We are all taxpayers to all levels of government and we don't particularly mind which level of government it's laundered through, it's still our money. What I'm getting at is that a community service obligation for special groups of people and things like that is one thing, but to expand it into a general thing so that instead of driving my car to the local bus station I now call up Community Transport, I think there are some economics in that.

**Mr DAVIES** - Yes. One of the economic issues is fees and fares. Metro's primary reason should be to run high-frequency corridor services.

**CHAIR** - No, that's not its remit.

**Mr MULDER** - We are suggesting that ought to be its remit because it doesn't do the other bit very well.

**CHAIR** - It's to provide public transport by road for those people who -

**Mr MULDER** - For disadvantaged people.

**CHAIR** - Yes.



**Mr DAVIES** - But its effective operation is high-frequency main corridor services. If that is true, then there are services that are run that are off those corridors. If those client groups include a reasonable number of people who could otherwise use another transport option, they would at this present time be going for a \$2.50 all-day ticket to \$7 return for a single trip. There is under the banner of integration a significant subsidisation over a number of years in a transition from a fare-paying structure that was geared to the Metro operation to community transport that is door-to-door and is built around a zoned base. That is not impossible to get over, but it is one of the big gaps at the moment.

**Mr MULDER** - I'm still not clear whether you're suggesting that community transport be broadened to the general population.

**Mr DAVIES** - No, broadened to cover the broader non-profit sector and away from just HACC in the first instance.

**Dr GOODWIN** - That would mean the clients would be referred through those organisations but not necessarily be HACC clients, is that what you mean?

**Mr DAVIES** - Yes, and particularly in rural areas because once they have done it once they get know what they have to do and whom they do it with. Our coordinators are usually recruited from local areas. I have nearly 400 drivers from the local areas. The knowledge of what you can get and how you get it, at worst, takes one episode, so to speak, and they are switched onto the system.

**Mr VALENTINE** - The drivers aren't remunerated, are they, they're all volunteers?

**Mr DAVIES** - Yes, that's correct.

**Mr VALENTINE** - Given the silos that occur and they don't do it, but the Asthma Foundation, say, has a car that is funded federally and you are saying that they may not provide depreciation or whatever and at the end of the day it is not sustainable. If the general public start using this you might then start having a problem with your volunteer drivers and they might think, 'Hang on, I'm out here doing this volunteer work mainly for these HACC-funded people but I'm now starting to take the general public', and they might start to cause a problem. Do you have a way forward there? Are you suggesting that the silos somehow disappear and the federal government, in its funding, take a broader view?

**Mr DAVIES** - I'm quite confident that the broader non-profit sector can be serviced by volunteers with that structure because volunteers exist in all these other organisations and a lot of them cross-volunteer as well. My concern with volunteers in terms of the future of community transport lies in the supply side of the equation. With the GFC and people working longer, there is going to be a real problem. Today at the conference on volunteering at the Woolstore I have submitted a paper which proposes taxation reform and local government incentives to encourage people to participate in volunteering. We are going to have a real problem in the future with the supply side of the equation.

**Mr VALENTINE** - I agree with that.

**Dr GOODWIN** - What is the age profile of your volunteers at the moment?

**Mr DAVIES** - Very close to the clients.

**Mr VALENTINE** - It's the same with Meals On Wheels.

*Laughter.*

**Mr DAVIES** - Most drivers are 65 and over. As the non-emergency medical component of the total transport task increases, and it's about 15 per cent at the moment, so the issue for volunteers becomes more critical for us. Because the hospitals are in Hobart and Launceston, anywhere else in the state our volunteer drivers have long trips and they lose control of the trip as soon as the client goes into the hospital for treatment because they are there for hours. A rural volunteer driver is a different beast to an urban driver because the urban person might give up some hours to do a job while a rural volunteer gives up the day, by and large, and sometimes the evenings. Whilst they are called volunteer drivers for community transport they are in fact an entirely different beast.

**Mr VALENTINE** - That's why you're saying if it can be confined to local area transport to a central spine, if you like -

**Mr DAVIES** - It helps.

**Mr VALENTINE** - Does that present issues with respect to the type of person you are picking up who is HACC-funded? That person may have mobility issues or not able to be quite as flexible getting onto normal public transport -

**Mr DAVIES** - Absolutely correct.

**Mr VALENTINE** - Is that a problem for you?

**Mr DAVIES** - Yes. It is not a problem in catering for it, it is a problem of fact. There is an inherent assumption, generally speaking, in all levels of government and the like that when you have a significant community transport system you have, by definition, accessible transport, when in fact you do not. We have 65 vehicles and about eight with accessible transport facilities which means it's potluck. Now it's \$15 000 extra to have a vehicle modified and that is dead capital because there is no second-hand market obviously, by and large. The disability issue for me is that in three years' time in the normal trading cycle of vehicles, unless the world changes significantly there will be no disability-accessible vehicles in what is the biggest provider of community transport in Australia.

**CHAIR** - None at all?

**Mr DAVIES** - None at all. Our brief is HACC-funded people and younger people with disabilities. I am the Tasmanian representative on ACTA, the Australian Community Transport Association. We only formed in February last year for each of the states represented and our brief was to liaise with the Feds over this transition of aged care from a service delivery point of view being transport. One of the things that the Feds have agreed with us on is that because of Tasmania's situation the capital funding will be

separated from the recurrent funding. Now that is a very significant issue because federal funding is usually block funding and you live with it and do what you have to do.

The effect of that will be then if you have a separate capital flow, and now I am talking in the future and these issues have not been sorted, it creates the opportunity to look at what you do with the capital and whether governments in each of the states are prepared to fund at the start many hundreds of thousands of dollars just to get the fleets ready to be able to do any significant type of advanced or expanded or changed in policy disability transport. It's that simple.

In our case it would probably be \$600 000 before you do anything more. Then you have a lot of local government issues with this transport like the fact that a vehicle with a disability capacity, let alone just a normal commuter, cannot park in a normal car spot. You are not allowed to park in a parking zone and most of the regional areas don't have disability car parks and our client group is such that we need to get them close their destination.

**Mr VALENTINE** - You also need that 3-metre gap behind you so you can offload them and that sort of thing.

**Mr DAVIES** - Yes. So at the moment we're seeking from DIER a change to the road rules to allow us to park our vehicles. There are a lot of inherent assumptions in transport that, when tested fail the test, and disability is a very good example.

**CHAIR** - Can I go back to my question about why you don't have some integration now with regular transport services? For instance, if somebody from outside the Swansea rural area needed to go to Hobart or Launceston to go to hospital, why are you still taking them all the way rather than taking them to Swansea to catch the bus? You said it's because they are HACC clients, but I don't understand why that makes it different.

**Mr DAVIES** - Some HACC clients don't need a carer but some do. It's still a choice; they can still go on a private sector vehicle if it's available -

**CHAIR** - But they need you to get to it.

**Mr DAVIES** - Correct. We are trialling these arrangements, because they weren't in place before, and how we do it is that if you were to choose to take one of my vehicles, get a ride from your home to Swansea, you would get on the bus as an independent person. If you needed a carer to allow that trip to take place - and we've made an arrangement with the private operator - we charge the carer a blanket \$10 fee. If the fee on the commercial operator was \$60 for the client return to Hobart, it would cost \$70 for the trip to allow the carer to travel with the client. When they get to the Hobart, the bus terminal and/or the route of the bus may not be close to the final destination, so we pick up at the other end as part of the original fee.

**Mr VALENTINE** - You still do that?

**Mr DAVIES** - Yes, because that gets the client from A to B.

**CHAIR** - And it saves you because you don't have to do the whole trip.

**Mr DAVIES** - That's exactly right. We've redesigned the business and have received concurrence from government that that's a good way to go.

**Mr VALENTINE** - Taxi services aren't considered from this end - say from Swansea to the Royal Hobart Hospital?

**Mr DAVIES** - No, too dear.

**CHAIR** - No, from the bus mall to the hospital.

**Mr DAVIES** - You could, but we believe if you're paying a fee from your home to Swansea - and our first zone is 0-40 km return; it will be different in January but at the moment it's 0-40 km return, which is \$7 - you would pay \$7 into Swansea and then get on the commercial operator and get the concessional fare you would be entitled to. We will finish the trip at the other end as part of that original \$7. A lot of the destinations for specialists have moved; I think the hearing specialist has moved to Kingston, so the assumption that they're in or around the hospital or close to is not always the case. The range of services are significant.

So we have that flexibility. It also allows drivers who are coming in for the day, who are laying over, to be used by the Hobart district to help out or use the vehicle in a short-trip supplement situation. That goes back to my district model with my district coordinators. They are making transport options happen; that's their job. Booking the services is only part of that role.

**Mr VALENTINE** - It must be difficult from time to time when some of your clients don't have mobile phones and you have to try to coordinate when they're going to finish at the hospital so you can pick them up and take them home.

**Mr DAVIES** - Many of the trips become permanent bookings. Part of our role as a transport provider in the community, particularly in rural areas - and for the record, I live on my farm in the Derwent Valley so I am very conversant with rural attitudes. Things like 1300 phone numbers won't work in rural areas. I do a lot of public speaking in rural areas and it is clear to me that word of mouth, a bit of promotion through medical centres, and that type of very low-level but basic focus is what achieves the objective. We advertise for volunteer drivers quite significantly because that's a different resource. My counterparts in other states have at best a 60/40, or maybe 70/30, paid-drivers/volunteers split. We are 100 per cent volunteer which distorts the cost models of each of the states significantly.

The other issue, through ACTA [Australian Community Transport Association] that we're after is a funding change. At the moment we're funded on passenger-trips. We are after kilometre-based funding, given that a vehicle which runs 60 kilometres with six people on board versus three is still the same cost structure.

The other thing that is very important, from an integration of transport point of view, is that we are about to commence, and launch on 16 October, an arrangement with Rotary Devonport. They have purchased a vehicle from Queensland which has five disability seats and five carer seats. It's a Coaster which would have been 20-22 seats that has been

converted to that regime. They have signed an agreement with me where they have purchased the vehicle and they are leasing it to me for \$10 a year, then we run the costs. What underpins the agreement is the number of residential care facilities in the north-west of Tasmania; it is a minimum market. The significance of this is that it has got nothing to do with HACC, but there lies an example of the future of community transport where, under our banner as a benevolent society and providing services like HACC and an expanded HACC into other non -profit, we can also run, as another side of the business, other forms of transport business that aid and abet our overall brief. For example, hire of vehicles; this disability vehicle that I'm talking about. It provides us with the opportunity, under our banner, to expand the service delivery structures through our own innovation rather than waiting for things to happen through policy. If we wait for policy, I'll be retired twice.

We are doing these sorts of things and it doesn't challenge our benevolent society status because the members, which are the board, don't benefit from any surplus that's achieved. In terms of our full umbrella, those are the sorts of opportunities that we can do and that gives rise to what we were talking about earlier about relationships with people taking over other services. My strategy, and my board's strategy, is to broaden our base through these sensible transport options that will ultimately lead to stronger units and greater capacity for integration.

**Mr VALENTINE** - Do you provide services to group homes, like the sorts of clients we used to deal with years ago?

**Mr DAVIES** - No. Officially, we don't provide services to anybody that could be otherwise deemed to be federally funded for a transport component.

**Mr VALENTINE** - Wouldn't there be an advantage in that? I'm talking about the silo problem again.

**CHAIR** - I think Stuart is saying that he'd like to expand into that, but technically he's supposed to service HACC clients.

**Mr DAVIES** - The transfer of the commonwealth state is interesting; it's under and over 65. Over 65 in Tasmania is 85 per cent of the population. So, the funding of grants with the commonwealth in the future will be an 85/15 split.

**Mr MULDER** - I'm starting to feel like an oppressed minority - just.

*Laughter.*

**Mr DAVIES** - The reality of a split like that is that anybody with a 15 per cent interest in the subject rarely has much say. That 15 per cent also has the issue of disability so, structurally speaking, it's going to be a problem.

**Mr MULDER** - Bob Cotgrove, in his submission, talks about establishing a system of unscheduled bus services - which sounds suspiciously like community transport - designed to fill the gap between mass-transit scheduled bus services and private, personal, taxi services. Can I have a comment on whether you think that community transport should or could grow into that space?

**Mr DAVIES** - That would require a bit of thought around things like fees and the existing barriers to doing it.

**Mr MULDER** - You were talking about growing into that space, but you are also not letting go of your volunteer-type status. That causes me a little concern; there is that there is a gap in the market which quite clearly you are filling, but you are filling it for a specific range of clients. It is fair enough that it is done on a volunteer and cost-subsidy basis, but if you are talking about expanding into the general population, you are then into a different scheme.

**Mr DAVIES** - True. I doubt whether I'd be looking into it from a CTST [Community Transport Services Tasmania] point of view, but if I were looking at it from a transport analysis perspective -

**Mr MULDER** - An integrated transport option perhaps?

**Mr DAVIES** - Yes. I would do exactly what I said with community transport. I would then look at the private sector and the way it is structured and operates and I would look at Metro, then I would look at integration. As a personal view, I take the view that there are so many inadequacies in each of components that to talk about integration before addressing the inadequacies is a significant risk to getting an outcome that will work.

**Mr MULDER** - Another thing I would like your comment on; some of this gap is filled by the taxi-voucher system, what are your views on the efficiency or the relativity of that?

**Mr DAVIES** - I can answer that from two perspectives. The first one is; we are transport providers, not income assessors. We don't know and/or seek to know the capability of our clients to recover the cost of those services. It's very dangerous country to get into as a transport provider.

The second issue is the taxis themselves. They figure little in our transport network - if at all - whereas in the other states they figure significantly. Then there is the critical mass issue for taxis where they are able to do that in bigger markets. In Tasmania, we are a statewide service with a heavy rural emphasis and therefore taxis are not located where many of our services are. On the disability side of the equation, I think there are roughly 48 licences for disability taxis and 46 of them are Hobart and Launceston, which doesn't give rise to the ability to work with them in the disability area on a statewide basis. It doesn't pay for them anyway and that is evidenced by the number of disability taxis at the airport, picking up normal clients. In the past I was chair of one of the reviews of the taxi industry when I was at DIER.

**CHAIR** - Would you like to comment on the Cars for Communities program that happened a few years ago? It sound like they fit exactly into the scenario you are describing of another little bunch of cars, probably unsustainable, going out to community groups that have to use volunteer drivers.

**Mr DAVIES** - An independent third-party might describe that program as politically smart and a transport disaster. It further accentuated the components in the community and therefore away from integration. It created more mini silos. Secondly, and I don't say

this with sarcasm, I had a number of organisations whose committees decided to submit for a vehicle and, in doing that, had decided themselves without telling me, that if they were successful they would then ring me - and they did - to see if I'd take it over for them.

**Mr MULDER** - To supply a driver for them?

**Mr DAVIES** - No, to take over the service. They just wanted to get the vehicle.

**CHAIR** - Yes. Did you?

**Mr DAVIES** - No. One of the criteria for the cars for community program was that they had to consult with us as part of filling in the form about whether a need couldn't met by us and that would therefore increase their eligibility. No-one ever spoke to us. It is also interesting to note that in the final found of allocations, there was only one vehicle and it was at Mathinna.

**CHAIR** - The final round?

**Mr DAVIES** - There was only one and it was at Mathinna.

**CHAIR** - How many rounds did they have?

**Mr DAVIES** - Three, I think. I think they had 40 or something like that. It accentuated the very problems that any discussion around integration would want to deal with. Mathinna didn't present a problem for me.

**Mr MULDER** - Due to lack of integration opportunities?

**Mr DAVIES** - No, there is no one out there.

*Laughter.*

**Mr DAVIES** - There is now significant evidence - and we are getting a lot of feedback as being the second biggest provider to Metro - that these vehicles are sitting around not doing anywhere near what was -. They have had trouble getting drivers and there are lot of logistic issues around having the vehicle that they themselves in many cases were not experienced at it.

**Mr MULDER** - In a lot of cases there is no funding for fuel, no funding for maintenance or repairs or insurance or anything like that at all. You get a car that you did not need and suddenly you find that it is far too expensive. That is what I say to my kids, until you can afford double the cost of petrol you cannot have a car because that is what it costs to run.

**CHAIR** - Stuart, is there a message that you want to leave us with?

**Mr DAVIES** - If I were asked about transport integration *per se* I would say that one needs to be careful to take in the state context as distinct from regional. Much of what might

be achieved could apply statewide and some might not. It is the knowledge of the difference between those two positions that is imperative.

We are experiencing that through having a statewide operation that is in fact urban, rural, regional, yet under the one banner with the one philosophy. My district-based model is, I believe, the model that sits in place to allow integration to be looked at. It is one thing to integrate things, but you still have to deliver the changed result. I believe that if we get the rural and regional side of things correct then the urban links to that are much easier to integrate.

The final comment I would make is that, as a result of what we have done, we have a number of organisations on the mainland who are interested in the Tasmanian model and I have one group coming over in November to have a three day tour of our operations and who will be implementing our model in a significant part of Victoria's regional services.

**CHAIR** - Congratulations. That is good.

**Mr DAVIES** - Thank you. The point that I make is that the philosophy behind the district-based model is that the needs in geographical areas are so different that you need to be able to counter for the difference rather than average the result. If that is the case then you are likely to get outcomes that meet the needs of the community rather than get averaged.

**CHAIR** - Yes.

**Mr DAVIES** - Thank you very much for the opportunity.

**CHAIR** - Thank very much, Stuart, it was good of you to come.

**THE WITNESS WITHDREW.**



**Dr ROBERT DAVID MELLUISH COTGROVE** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Ms Taylor) - Thank you for coming to this public hearing and for your submission, Bob. All the evidence taken at this hearing is protected by parliamentary privilege, but any comments you make outside of this hearing may not be afforded that privilege. Have you received and read the information for witnesses?

**Dr COTGROVE** - Yes, I have.

**CHAIR** - The evidence you give today is being recorded and *Hansard* will be published on the committee website as soon as it becomes available. We will let you make some opening remarks, Bob, regarding your field of interest and expertise.

**Dr COTGROVE** - I'm an urban geographer first and foremost. That means I am interested in urban land use, particularly the interaction. In geography there seems to be an emphasis today on place without considering the interactions. I'm an economic geographer, if you like, so interactions; transport; how we undertake our activities; relationships between places in terms of transport movements, why places are a certain size and others are not, why people are moving there and not there, so all those things are essentially my interest as a geographer. I also have a Masters of Transport Economics degree from the University of Tasmania. I am also an environmentalist. I have a Master of Science degree from University College, London, in environmental and resource economics. I tend to focus on the economic issues, costs and benefits, and that underscores my attitude towards things such as public transport.

In general, most of these types of hearings - and I have been to many conferences on urban transport - tend to focus on the supply side and neglect the demand side: what are people trying to do in order to make the best use of their limited time? The other thing that is not taken into account is the time factor; that we live in a time budget where you can sit in one place, as we're doing here, without moving for a period of time, but time marches on. Most of us, when we go to bed at night, sort of run through our mind the things that we want to do tomorrow. We plan how we will do things; get the kids off to school, do the shopping or arrange somebody to fix the plumbing - those sorts of things.

**CHAIR** - Doing that leads to insomnia before you go to sleep.

**Dr COTGROVE** - Indeed, and we all have that personal activity pattern that tends to be totally ignored in these things. When we plan our daily activity, if any one of those trips - we tend to make journeys rather than trips - and if any one of the links in that journey - one of those trips - requires the use of a car for example, because the plumber is coming at 3 o'clock and I have to pick up the kids at 3.30 from school and then I have to then get to the bank before it closes, if that requires a car because they are in different locations and I have to get from one to the other, then it is no good if that car is sitting back in the garage at home - it determines whether I take it that day or not.

**CHAIR** - That is correct.

**Dr COTGROVE**- That underlines a lot of the misapprehensions we have about public transport. Why aren't people catching buses? You could have a bus stop right outside your house that takes you exactly within five minutes of where you are working, but you may not use that bus because of the other things you have to do. That applies to other forms of transport.

**CHAIR** - It is one of the things that you have mentioned a number of times, Rob, if you are going to have a train and stations then you have to have a creche there or you have to have child care centres, but with experience of looking of where people have built public transport infrastructure, don't they tend to congregate there? For instance, a number of the schools in the northern end of Hobart are actually along the railway line because there were those needs.

**Dr COTGROVE**- I remember those days well, I used to live at New Norfolk and for my first year at Hobart High School we caught the train. It left New Norfolk about 7.30 in the morning and arrived home at 6 o'clock at night. The journey to school was quite an interesting one; it was catching the train to New Town Station, then catching a trolley bus from New Town Station, wandering around New Town - Bob's sort of area - and dumping us off at Letitia Street, hopefully before school started at about 8.45. So it was quite a long day, and then in the evening having to catch a trolley bus back to New Town Station, catch the 5.10 train or whatever it was from Hobart and so on and then get home.

If you look at street atlases of Hobart, they are really quite revealing. I have two at home one from 1948 the other from 1954, both those periods were when co-ownership started to increase in Hobart. The residential patterns had not expanded very much. Hobart was very concentrated in those public transport corridors; a flat, linear corridor our through Moonah, New Town, Derwent Park, Glenorchy and so on. There was very little beyond Glenorchy and, of course, very little away from the flat transport corridor. People were trapped on to public transport because car ownership was very low. They did not have that choice. Once they had that choice then most people elected to buy a car because of the options it gives them. One of those options was that it enabled them to move away from the flat transport corridors to get up on to a hill where they have views. People in Hobart have some beautiful views in all the suburbs because you can get up above or you can get out to near the beaches, all the southern beaches, Kingston, Blackmans Bay. In 1948 they were holiday shack settlements.

**CHAIR** - They were. I think even Bellerive was.

**Dr COTGROVE** - Yes, So were Bellerive and Howrah. Settlement was concentrated around the ferry terminals. The motor car enabled people to move away from that dependency on a flat public transport corridor and therefore to move away from those areas and live at lower densities.

The other very important thing in this is the shift in our work patterns. If I go back to those times of the '50s and so on, the majority of people working were men. Women tended to work after they left school when they were still living at home until they got married. There were even restrictions in the public service.

**Mr MULDER** - I think you need to differentiate between work and paid employment.

**Dr COTGROVE** - Yes, paid employment.

**Mr MULDER** - You can get hit with a handbag if you don't.

**CHAIR** - Thank you. I'm proud of you.

**Dr GOODWIN** - Thank you for that positive contribution.

**Dr COTGROVE** - Women obviously worked hard, but they worked hard at home. Their travel patterns were limited to walking to the shops, often with a shopping basket or something like that and carrying it home. In terms of paid employment there was a massive shift because it coincided with the shift away from industrial employment, such as manufacturing and that sort of thing, into services. Services opened the door for women to get into all sorts of professional and unskilled services as well.

The big growth in employment has been in what we call the quaternary sector, which is the professional, skilled, service sector where you need qualifications such as teaching, medical, legal and finance. Those of us who have children and grandchildren know that most of those will find employment in those professional service sectors. That affects our travel patterns because it means more people are out servicing clients or they have flexible working hours and are moving around. All of those things point to greater use of the car. The car enabled those things to take place, but it also meant that you needed a car to get that flexibility.

In my submission, I talk about travel patterns, saying it's no use going back to the '50s or trying to recreate that by saying, 'Okay, we can reconcentrate our cities along narrow flat transport corridors and require people to move on public transport'. The genie can't be pushed back into the bottle like that.

**CHAIR** - Does it have to be one or the other?

**Dr COTGROVE** - The dominant planning paradigm is this idea of transit oriented development.

**Mr VALENTINE** - TOD.

**Dr COTGROVE** - Yes, TOD. I've been around transport conferences for decades and it used to be transit supported development. That didn't work so now they've changed the acronym to transit oriented development, but it still doesn't work. I don't see, in a democratic society like Tasmania, how you are going to stop people from living where they want to live within the laws of the country and to force them back into the city. They won't do it voluntarily. I notice that in some of the submissions there is emphasis on the trend towards inner-city living amongst two particular demographic stages in the life cycle. One is young adults; when you leave home, living in the centre of the city is attractive because that's where the pubs, clubs and life is and your residential space needs are pretty low. You can shack-in with your girlfriend, boyfriend or mate or whatever, and you can share and keep expenses down while you go out and enjoy yourselves.

The other demographic is the empty nesters at the end of the life cycle. We are living longer as a result of better health, food, nutrition and so on, so there is a tendency for

people to want to live closer to the inner city where they have better access to medical facilities and other services.

That has come about incidentally as the result of another transport revolution in freight transport. The introduction of containerisation in the '60s and '70s meant the whole geography of freight shipping changed so that all the inner city finger piers and all the rest of it - and we see that in Sullivans Cove - that were necessary back in the industrial era have now become redundant. Containerisation has meant a revolution in transport handling. The old finger wharves and city ports around the world have moved to flat container terminals, usually on coasts. In Tasmania there has been a shift to the north of the state and away from Hobart.

That means a lot of inner city industrial land is now available for other purposes - renovation and particularly residential developments. The changes that have taken place in Salamanca, from old warehouses in the industrial age to now smart post-industrial commerce and residential living, is typical of that. We see that in Melbourne and everywhere around the world. It is attractive for older people to move into those apartments. Having said that, it's still a minor movement. The dominant demographic movement is still towards low-density, outward spread because land is cheaper further out and the motor car enables you to maintain those accessibility links.

**Mr VALENTINE** - You were saying before that going to the flat transit corridor is something that happened back in the 1950s and is not sustainable now because people have decided to move up onto the hills and the like. You don't see the increase in population further out and the possibility of more local transport taking them to that spine as still being -

**Dr COTGROVE** - No, because as people have moved out other land users have tended to follow them. Manufacturing is now found in industrial estates out in the suburbs where they have plenty of land for factories, and the workers are out there as well. It is the same with retailing and office development. We are seeing the growth of regional centres - Eastlands, Northgate, the collection of commercial facilities out near the airport, the growth of Sorell and Kingborough and the shopping and retailing activities there. The city centre was always the focus of the industrial age; if you look at public transport systems, they are linear and therefore they tended to focus on a strong central business district. Things such as manufacturing had to group around there so they could be accessible to shipping, rail terminals and be accessible to their workforce.

The truck is just as important as the motor car in land use and activity shifts because of the dispersed land-use pattern; non-residential is able to connect itself up with shipping, airports and so on by the flexibility of truck transport.

**Mr VALENTINE** - In the model you deal with in your submission about councils taking over certain public transport options, do you see that as sustainable? Councils have issues trying to keep rates down and they would have to be subsidised somehow.

**Dr COTGROVE** - It depends on what level of subsidy you want. My main argument in that regard would be that there are essentially no economies of scale with bus transport. Unlike rail whether there are economies of scale or not leads to the market structure whether it tends to a natural monopoly or an oligopoly or whatever. It is essentially the

ratio between fixed costs and variable costs. With buses, although there is a fixed cost component, it is not as high as for a train system where you have to have all the tracks and all the infrastructure before you can even move a single passenger. Buses are much more flexible in that regard. Hence the reason why buses have surpassed trains and trolley buses and the less flexible forms of public transport. Because of the lack of economies of scale, a devolution of Metro as a state monopoly which determines the level of service and the frequencies and all the rest of it as a monopoly enterprise, I think is best left to a more oligopoly system based around local councils. That competition allows for innovation and enterprise and different ways of doing things so that Kingborough services might be entirely different from Clarence's or Glenorchy's in terms of the sorts of services they provide and the vehicles and all the rest of it.

**Mr VALENTINE** - Is that because they know their communities better?

**Dr COTGROVE** - They certainly do and they are in a better position to service the needs of the people in those communities rather a centralised, distant monopoly.

It does not have to be run by the councils; they can indicate what services they want and then they can contract it out. That would involve all sorts of things like the routes and the schedules and all those things that come with it.

**Mr MULDER** - The problem I see with devolving this stuff to local government is an age-old problem; forget the buses for a minute, think about the damage they do to councils roads, suburban roads designed for a motor car with a big diesel sitting there chugging away, yet councils do not have access to the income stream that is provided by the fuel excise and the registration of the buses and all the rest of those things - that is dropped on them. The biggest issue of this kind is rural councils who lack a ratepayer base, but still have to repair all the roads that had been chopped up by log trucks. The state government refused, in any way, shape or form, to give them access to the money that was being taken off the transport industry or the public transport sector and provide it to the people you are now asking to pay for it. That was Rob's question about where the money is coming from?

**Dr COTGROVE** - No, I'm not asking them to pay for it. There is an important thing here; I support user pays. One of the mistakes that we make in transport services is to assume that there is a huge public good component over and above what we would ask the private individual to pay. It underpins the reason that we subsidise Metro to the tune that we do - \$30 million. There is a public good in conveying children to school because we all benefit from children being educated and they are too young to drive cars, but if we look at Metro services; they are focussed on commuter traffic - because that is where the highest densities are - towards the city centre. Commuters, by definition, are people that are employed. Many of them are employed in highly-paid jobs in the city centre. The fixed costs of Metro go to providing that peak-period capacity. Therefore the subsidies are not going to worthy people they are going to people who can well afford to pay a higher fare. They are giving them a taxpayer-funded subsidy.

**Mr MULDER** - Is there any public transport system that you know of that isn't subsidised? In following the logic or your argument; if we should remove subsidies, should we have public transport at all if it can operate only with subsidies?

**Dr COTGROVE** - I think most public transport systems are subsidised, but we have to look at the level of subsidy and we have to look at the total budget. We have to look at the \$30 million that Metro gets and say, 'How many police officers is that?', or 'How many nurses or schools is that?', or 'What else could we do with that money?'. I would also say that motorists should pay for roads. I think it's ridiculous that the taxpayer forks out for arterial roads because -

**Mr MULDER** - There's a fair amount of excise on the petrol every time you buy it, and the feds stick the money into the roads.

**Dr COTGROVE** - That doesn't determine the road. That is a levy on the amount of travel you do. On that point, a number of submissions talk about motorists getting a subsidised deal as part of the spin the anti-car lobby keep pushing out -

**Mr MULDER** - I don't think they do. My point was that they pay for it at the petrol bowser.

**Dr COTGROVE** - Roads Australia calculate that 20 per cent of the total money that motorists pay in fuel excise, registration, the GST on all the parts and so on, goes back to roads. The trouble with it is that it doesn't go where the demand is. It is being allocated by politicians -

**Mr MULDER** - To regional areas like Hobart.

**Dr COTGROVE** - No, usually in Tasmania it's marginal seats that get the-. Anybody who has studied the politics of it will see that there is a massive pork-barrelling effect of taxpayer funding on infrastructure - which really means roads - in order to buy votes.

**Mr MULDER** - You're reaffirming the point, though, that private transport isn't subsidised, it pays its own way and gets taxed for other [inaudible].

**Dr COTGROVE** - Yes, it does.

**Mr MULDER** - When I read your paper, I came up with the overwhelming thesis - and I think this is what you are saying, so perhaps you would like to comment on it - that a city the size of Hobart cannot justify public transport.

**Dr COTGROVE** - No, I'm not saying that at all. What I am saying is that public transport should not extend beyond bus services. Based empirical evidence, there's no city that I'm aware of -

**Mr MULDER** - Despite the \$30 million subsidy for it to run along routes that people prefer to use cars on?

**CHAIR** - Let him talk.

**Dr COTGROVE** - If you take my argument of devolving public transport to local authorities which can tender out - those local authorities like Glenorchy or New Norfolk -. New Norfolk really doesn't have public transport and that is, incidentally, a point I wanted to make, that public transport services are not available to all taxpayers because Metro operates bus services only in certain areas. A lot of people are denied public transport

services. But to get back to previous point; if we devolve it out then, for example, Kingborough Council and Huon and all those southern suburbs, they can determine, democratically, what types of services they want, where the routes go, what the frequencies are, what types of buses and so on. Then they can put it out to tender. They may decide, because there is a public good component in that community - and I am not saying that there is no public good component, there clearly is, but it is overemphasised - then they can determine what level of subsidy they want to provide to that operator.

We shouldn't think that Metro is operating at maximum efficiency. I have no gripe about the management of Metro, but I think that if you devolved Metro and had a number of different deliverers of services that tender out on that basis - the model that I give there - that there would be innovative and more efficient ways of doing things that would represent a much better service.

**CHAIR** - Aren't you going to get a whole lot of duplication if you do that? I understand what you are saying within a local area, but a lot of these people are going to want to go there and a lot of these people are going to want to go there.

**Dr COTGROVE**- Not to a great deal.

**CHAIR** - Really? Do you think Hobart is not going to continue to be a -

**Dr COTGROVE**- Most inter-regional traffic is by car; going from Kingston to Sorell and places like that.

**CHAIR** - You are saying that people will still use their cars?

**Dr COTGROVE**- The majority of people will use their car for the majority of time. The bus services that we are talking about are localised. You can still get cooperation. You have that now at Clarence, Glenorchy and Kingborough. It makes sense to go from Glenorchy central to Eastlands and then they can work that one out. In other words they do not have to be rigidly divided and so on. It is cooperation, you can still have a little board of representatives meeting to discuss synergies and things.

**CHAIR** - One of the things we have been told repeatedly is about how - and they are proponents of public transport, and rail or ferry in particular - there are cities everywhere around the world, including in Australia, that are actually building railway lines. Do you think they are all wrong?

**Dr COTGROVE**- They are all wrong. They are not wrong in saying that there are cities around the world building light rail systems, but they are not cities that you could compare with Hobart. There is no city that I am aware of - and I stand to be corrected - under 500 000 people, which is twice the size of Hobart, -

**Mr FARRELL** - Sorry, I have an appointment and I have to be out in the districts at two.

**CHAIR** - Did you have any questions before you go?

**Mr FARRELL** - No, I am sure I can talk later.

**Dr COTGROVE-** I would welcome anybody to communicate with me on these things.

**Mr FARRELL** - Thank you.

**Dr COTGROVE-** There is no city under 500 000 that I have found anywhere in what I call 'CANZUS', which is Canada, Australia, New Zealand and the United States, in other words, the new-world communities -

**CHAIR** - Europe?

**Dr COTGROVE-** I mentioned this in my report, if we go to Europe we are looking at cities that were developed over centuries that were well entrenched even before the industrial age. Quite apart from the post-industrial world and they have heritage city centres that are obviously untouchable. You cannot get in the middle of these cities and tear down everything in order to provide roads or something like that, you have to take that as a given. It is pointless to compare Hobart with European cities because of that heritage -

**CHAIR** - There are obviously European cities that are putting in light rail.

**Dr COTGROVE-** Yes, but it is very limited. What we have to separate here is the development of new public transport systems like light rail from patching-up or renovating old systems that tended to decay, often because they were government owned and neglected. There is great scope for renovation and improvement in public transport. Some of the public transport systems that existed back in the days when people were tracked on to public transport were terrible really. It was cattle-class sort of stuff.

There is obviously a need to improve that and to develop those sorts of systems. Most of those systems you will find are in much bigger cities than we are talking about. Hobart with 250 000 people is a very small city and because we have had mass car ownership for 50 years and because our land usage has adjusted to that and also because of things like topographical constraints, there is no prospect for a light-rail system in Hobart.

I mentioned at the start about how, when I first attended Hobart High, I was living at New Norfolk and coming through those suburbs is where the people were, clustered around the railway line. They don't live there any more. You follow that line out and you are going out through paddocks. There's no way people are going to use the northern suburbs railway. I've seen some of the submissions that claim all sorts of hypothetical things, but that's all it is; it is not dealing with reality, it is dealing with the concept. It is taking the supply-side attitude and treats people as if they are cattle. They talk about 'moving' people. That is offensive; people travel. Transport should service people's needs; people should not have to service transport. There is a paradigm issue there.

**CHAIR** - You don't see climate change, fossil fuel, peak oil or anything like that having an effect?

**Dr COTGROVE** - I am old enough to remember 'peak oil' back in the 1950s and then again in the 1970s with the OPEC prices.

**CHAIR** - Do you think we're going to keep our dependence on cars?



**Dr COTGROVE** - Yes. I make it clear in all the things I write about public transport, that the three major problems with motor car use are congestion, road trauma and pollution. All those issues can be solved by correct management policies. With congestion, you have a congestion charge.

**Mr MULDER** - How does a congestion charge solve congestion?

**Dr COTGROVE** - People pay for the congestion they cause, so therefore certain people who want to pay that charge will pay it. Others who know they would be charged -

**Mr MULDER** - So it works through a disincentive?

**Dr COTGROVE** - Yes.

**CHAIR** - How do they get to wherever they want to go? Isn't that the point, that those cities that are introducing congestion charges are using it as one of the ways to get people onto public transport?

**Dr GOODWIN** - They can travel at a different time if it's non-essential.

**Dr COTGROVE** - You can either pay the congestion charge or defer your trip to an off-peak time when most of streets are uncongested.

**CHAIR** - Don't you still have to pay the congestion charge or you pay it only at peak times?

**Dr COTGROVE** - No. Let me make it very clear; there is so much confusion about that. The London charge is not a congestion charge. It's an entry fee, a cordon entry fee. You have to pay to get into central London, regardless of the time, the level of traffic and the congestion involved. It acts to reduce congestion because you have now imposed a tax on people coming in. If you do that, one of the consequences is congestion, but it's not what an economist -

**CHAIR** - Isn't it called a congestion charge?

**Mr VALENTINE** - Do they still have it?

**Dr COTGROVE** - Yes, it's gone up. It started off at £5, I think, and it is now £12 50. It is a huge money earner for the London council. Perversely it can lead to greater traffic in the central area because if, for example, you're going into London for five minutes and you know you're going to have to pay an entry fee to get in you think, 'While I'm here I may as well go and do this'. Perversely it can lead to increases, and that is exactly what London has found. When it was introduced there was a massive drop off. Motorists were saying, 'I'm not going to pay that - bugger it', and they didn't go in. After a while it became part of the cost of doing business in central London, so the behavioural effect, the deterrent effect, became neutralised. People see it as an extra thing. Over time the traffic builds back up again. This is exactly what happened in London. What did they do? They bumped up the charge. That has the effect and then, after a while, it builds up again. A true congestion charge would pay only for congestion. In economics this was

well-recognised back in the 1950's, the trouble was that there was no way of implementing it.

**CHAIR** - How do you decide?

**Dr COTGROVE** - The answer is with electronics. We now have e-tags and we have all the mechanisms in place - smart cars interacting with smart roads and so on. The systems are there with computers.

**CHAIR** - Today it is flexible.

**Mr MULDER** - How does a congestion charge differ from an entry tax in terms of its impact? People will eventually see a congestion charge just as the cost of travelling into the city at that time.

**Dr COTGROVE** - Exactly, that is what you want; 'travelling into the city at that time'.

**Mr MULDER** - You are saying that the congestion issue can be solved by a congestion charge but your whole argument is that all it does is pay for the congestion, it does not solve the congestion.

**Dr COTGROVE** - It does solve the congestion; you are making the assumption that those people will pay that charge and travel as they did before.

**Mr MULDER** - Which is what they did in London with the entry charge.

**Dr COTGROVE** - In London you paid it regardless of the time

**Mr VALENTINE** - It is not a congestion charge, it is an entry charge.

**Dr COTGROVE** - It is an entry fee. With the congestion charge you know that after 9 a.m. it is going to be free so you defer your trip or you go a different route. In the final analysis, the only reason we travel is that the benefits outweigh the costs. If we think, 'I was going to go out and see old Bill, I have not had a chat with him in while, but the only time I can see him is during the congestion charge time, so no, I am not going to pay that just to see old Bill I will see him some other time'. Some trips will be forgone - they will not be made - others will be deferred or take a different route. That is the whole point of it. That is just congestion - the first thing. Incidentally the estimates by transport groups around the country is that the congestion bill in Australia alone is about \$20 billion a year and growing. That is in Australia, I do not know what it would be in Hobart. Sooner or later we have to deal with the issue of congestion.

**Mr MULDER** - That is where I would like to get to the fact that the best way of getting rid of congestion is to encourage people to use public transport.

**Dr COTGROVE** - No.

**Mr MULDER** - The commuters who are travelling are going to pay the congestion charge because they have to be at work at that time.

**Dr COTGROVE** - Which commuters?

**Mr MULDER** - The commuters who are now lining up on the bridge trying to find a park on the Domain so they can work in Hobart. That is what the public transport system is geared around. I wanted to explore with you some of the opportunity costs by moving people away from their preferred transport by disincentives, which is what a congestion charge is - and things like the domain - and see whether public transport, although it is subsidised, does have opportunity costs in that you do not have to spend on infrastructure because people are using their cars.

**Dr COTGROVE** - Let us be very clear on the difference between public transport and private, personal transport. In most of the submissions you have cars on one side and everything else on the other side - walking, cycling, roller blading, public transport, and buses. That is a false dichotomy. The dichotomy is between personal transport where you determine where and when you want to go and you control the type of vehicle you have whether it is a push bike, a motor bike, a car, roller blades, or a scooter, versus on the other hand, public transport which is determined by a third party - in other words the public transport administrator. They determine the routes, the frequencies, the fares, the types of buses, the comfort level - whether it's got TV on it or not and you have to serve that system. You have to present yourself at a bus stop at the time that the bus is going. You can access things only along that bus route. In other words, it's much less flexible than personal transport. That's an important distinction. When we talk about shifting people from their cars onto public transport, it's not a realistic pattern because public transport can't service their daily activity pattern.

**Mr MULDER** - That's for the broader thing. A lot of the stuff we're talking about here, and you've refer to it yourself, is the mass transit idea; the idea that there is a group of people who are going from locations *a*, *b*, *c*, and *d* and are all heading into location *f*. That's what I refer to as the commuter traffic. That's what the northern suburbs light rail is designed about. I think we muddy the picture a bit when we say that the people who are using their car to do their journey now - completely ignoring the cost that's being spread to the community in terms of the infrastructure required to service individual use - and if we sharpened it onto the mass transit system instead of muddying it with the guy who actually wants to go across it who is never going to take a bus or a train - let's focus on these transport corridors. Now, let's have a look at the social benefits of getting people out of cars and any disincentives that might work to do that. I think that might change the parameters about which we are discussing and the comments you make about light rail.

**Dr COTGROVE** - Yes, indeed. It's a very good point because it comes up under all these arguments that are used. Let's take that person, as I mentioned at the start, when we go to bed of a night we work out what we're going to do the next day and how we're going to do it. The light rail system, for example, will take you from *a* to *b* but how does it get you from *b* to *c* and *d* and *e* and all those other links.

**Mr MULDER** - But we're talking about a group of people, Bob, who don't want to do *b*, *c* and *d*; they just want to get to *a*, work, and get back home again.

**Dr COTGROVE** - There are very few of those. Here are some statistics: less than one in six trips that we make in the urban area are work-related; either going to work or coming

from work. Less than one in six is about 15 per cent. The biggest single trip purpose is social trips; they make up over 20 per cent. Going to the shops and back makes up more trips than going to work and back. When we focus on the supply side, we tend to forget what people are trying to do in their daily activities and we focus on how we are going to move people from there to there and back again. The old industrial age work patterns where you went into work and you clocked in - I used to do that - clock a punch card in and wait for the whistle to blow at four or five o'clock or whatever it was so you could leave and then go home with people gathering around waiting - those days are gone. People don't have those patterns these days.

The other thing you have to ask, Tony, with due respect I can see you're getting a bit annoyed with me -

**Mr MULDER** - I'm asking you to focus on the commuters, not -

**Dr COTGROVE** - is what would people be willing to pay for that trip to leave their car at home or leave their car at the railway station, hop on that train that's going to take them there? You have to work out what the cost of that is, including the amortised cost of the system itself. Somebody's got to pay for it; it's got to come from somewhere.

**Mr MULDER** - We've looked at that and we recognise that, but someone's also paying for the bus services; not the users I might add. Someone's also paying for the roads they go on, often not the users, as we've pointed out.

**Dr COTGROVE** - But it should be.

**Mr MULDER** - What we're trying to do is get a cost. I am pursuing, with a lot of this stuff, what is the cost per passenger per kilometre of the actual use, knowing full-well that there's going to be some government subsidy, so we need to look at some of the public benefits. If it is one in six that's causing us the traffic congestion, it's the one in six that the light rail is designed to service by getting those one in six onto public transport so we do get rid of congestion and so that we don't have cars polluting and all those things.

**Dr COTGROVE** - Cars polluting is another issue, but that can be solved.

**Mr VALENTINE** - Not too far from now with electric vehicles.

**Dr COTGROVE** - No, we are not far away.

**Mr MULDER** - We'll dam a few rivers and we'll burn a bit more coal to solve the pollution problem.

**CHAIR** - I am very conscious that we have only five minutes left before we will not have a quorum. We could either get Bob to come back at some stage or we could ask some of the questions that we want to ask.

**Dr COTGROVE** - Incidentally, we haven't come up with one of my recommendations and that is that there needs to be a gap between scheduled bus services which fit the commuter and mass-transit stuff and unscheduled bus services. I think there is

definitely a market for that in Tasmania, particularly in rural areas which aren't serviced by a schedule.

**CHAIR** - Just before you we had community transport who were exactly the same thing. We could expand our services, so we could be that connecting link.

**Dr COTGROVE** - But with community transport we tend to focus on particular clients, disabled or some other -

**CHAIR** - We do at present.

**Dr GOODWIN** - You make some comments in your submission about cycling and we have had that raised with us. I am interesting in your comments around cycle paths or lanes along main arterial routes. You are suggesting that perhaps they should be confined to other areas.

**Dr COTGROVE** - Not confined. There is a massive undersupply of publicly good walkways and cycleways. I won't mention Battery Point.

**Mr VALENTINE** - You can mention that.

**CHAIR** - We have three minutes.

**Dr COTGROVE** - Generally, we really should give pedestrians and cyclists separate pathways, independent of footpaths around roads. We should have more scope for connecting suburbs through walkways and so on. There is a service lane where I am, it is a sewerage lane and nobody is allowed to build on it. I use that a great deal when I go to university and back; I usually always walk down the path, there is no footpath on Nelson Road anyway. The opportunity to cut through suburbs and create pathways and cycleways is very good. I object to the cyclists' lobby trying to take road space away from car lanes. I don't think that's -

**Dr GOODWIN** - Tony will be happy with you now.

**Dr COTGROVE** - It really is the wrong way. It's creating a war between cyclists and motorists. Whereas, they are both forms of personal transport and at least cycling should be encouraged.

**Dr GOODWIN** - What is your view on someone who lives at Kingston and wants to ride a bike into work via Bonnet Hill and along Sandy Bay Road? Do you think that should be allowed without dedicated lanes? What is the commuter cyclist meant to do?

**Dr COTGROVE** - People do it. You have to be young and fit, but I think very few people do it. I think the number of cyclists that the cycling lobby claims -. Argyle, Campbell and Mole Streets cycle lanes, I use those road frequently and I've never seen more than a handful of cyclists in a period of years, using those. I don't travel during peak periods. Obviously cyclists can use the road as they always, traditionally, have done, but to put in a dedicated cycle path all the way up Bonnet Hill, all the way the Kingston for one or two people who would use it, I don't think it is economically justified.

**Dr GOODWIN** - You're suggesting that for people who commute by a bike, we just have to get used to sharing a road with them and they have to get used to sharing the road with us and there should be equal entitlement with cars and bikes?

**Dr COTGROVE** - No, there is scope for cycle lanes, I am not saying there isn't, but most cyclists don't travel great distances. There are not that many cyclists crossing the Tasman Bridge.

**Mr VALENTINE** - They could make it easier if they liked.

**Mr MULDER** - That is a really valid point. The current usage pattern is constrained by the infrastructure and to assume that you wouldn't get 20 more bicycles if you closed a lane on the Bridge - I reckon you would get several hundred bicycles if you closed a lane. Of course that has impacts on the cars and I am not suggesting that we do it, but sometimes our thinking gets constrained by what is there rather than what could be there.

**Dr COTGROVE**- The thing is you do a cost-benefit analysis; that is the simple way of doing it. You do a cost-benefit on that, but you have to be realistic and not base it on somebody saying, 'I would you use this cycle path if it were available', because everybody says that.

**Mr MULDER** - Everyone says that would use a ferry, Bob, on that point - everyone loves to see ferries, but they do not use them.

**CHAIR** - Can I suggest that if we have questions we still want to ask could we ask Bob the questions and give him the opportunity to give us written answers as a further submission, would that work?

**Dr COTGROVE**- You can write to me.

**CHAIR** - Thank you. I am conscious of the fact that we are running out of time.

**Dr COTGROVE**- Yes, I am very pleased for this opportunity to talk to you

**CHAIR** - You do present a different point of view from most people and you have read the submissions -

**Dr COTGROVE**- Absolutely.

As I say, the trouble is that there is too much ideology in this debate. Planners in their documents talk about sustainable transport all that sort of stuff and have a decided anti-car bias which is unrealistic and they use terms like 'car dependency' and even reducing car traffic. What is the point of reducing that unless you achieve a better benefit than the cost of doing that?

**Mr VALENTINE** - That is exactly right.

**Dr COTGROVE**- It is unrealistic. If we look around the world we are entering the age of the automobile - it was not a 20th century thing it is the 21st century period that we are entering into. Car ownership right around the world is rising other than in the most

developed countries like the United States where you have reached saturation point. Australia and Tasmania is close to saturation point I would suggest, but in developing countries -

**CHAIR** - Do you have any questions you want to write to Bob? Do you want to put them on *Hansard* now and then we will write to him?

**Mr VALENTINE** - My question would be around the issue of not the congestion but the end points. Obviously there are the observations about so much space being taken up in cities with cars actually parked there during the day for no good reason apart from carting the person home at night, so I guess it is that issue of the trip being at the convenience of the user versus the cost to the community at the end of the day. I would be interested in your response to that if we can get that question?

**Dr COTGROVE**- Yes, certainly, thanks Rob.

**CHAIR** - We are going to have to close the hearing at this point. Thank you so much. We want to hear all points of view so it was great because you presented a different point of view to most of those we have had so far. Thank you very much for that.

**Dr COTGROVE**- My pleasure. Thank you.

**THE WITNESS WITHDREW.**