

Role of the Three Tiers of Government

- 8.1 During this inquiry the Committee conducted wide-ranging discussions and considered evidence from 30 public hearings and almost 200 submissions from transport industry stakeholders. It has seen for itself the urgent need for co-operation between all parties, if the industry is to cope with the anticipated demands for freight services.
- 8.2 The greater part of the evidence given on this subject pointed in that single direction – the need for greater co-operation and co-ordination between the three levels of government. It also highlighted the value of close private sector involvement – so that all parties are moving in the same direction in the development process.
- 8.3 The Committee found that there is a deepening sense among stakeholders in the transport industry, that freight movements are growing so quickly, that only close co-operation between private enterprise and all levels of government will enable the task to be managed efficiently.
- 8.4 Local government representatives, in particular, expressed concern about the increasing strain on their revenue base, as freight moves from rail onto the roads. Their complaint is that the additional wear and tear on the local road networks cannot be properly repaired from normal rates revenue. Local governments see this process operating as a cost-shifting mechanism; moving funding responsibilities from state governments to local authorities.¹

¹ For example: Riverina Eastern Regional Organisation of Councils, Submission 92, p.4.

- 8.5 Inevitably, the Australian Government is often seen as simply a funding source. Despite that, however, many stakeholders can see that the Government is in an excellent position to co-ordinate major infrastructure developments. It is also in a unique position to act as “honest broker” in disputes and disagreements between state and local governments, or with private enterprise.

The Need for co-ordination and co-operation

- 8.6 An Infrastructure Action Plan, prepared by the Business Council of Australia, stressed the importance of co-ordination and long-term planning for infrastructure needs:

While the issue has been rapidly prioritised as a major impediment to sustained prosperity, a single or even consistent database of information that might account for the quality and quantity of Australia’s infrastructure does not exist.

Instead, the information required for strategic, long-term and cost-effective decision-making on infrastructure is scattered across a plethora of federal, state and local Government agencies. The absence of any coherent or consistent baseline of information in itself points to a fundamental lack of planning and coordination of infrastructure provision.²

- 8.7 Meyrick and Associates reported that the lack of a consistent interface with government authorities is a continual irritation to private investors:

...I get this message so persistently from industry ...these things need ... an interface between industry and government to get done. One of the continual complaints that I get from industry is about the churn rate in government institutions and the rate of institutional change and the deskilling of government. That has left them often with nobody to whom they can talk sensibly.³

- 8.8 The BHP Billiton Mitsubishi Alliance said that the government’s most important role would be one of liaison and co-ordination. It added that the construction and operation of infrastructure was up to the commercial interests that would use it:

2 Business Council of Australia, *Infrastructure Action Plan for Prosperity*, 2005, p.10.

3 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.6.

We see the role of government as being facilitating and enabling. That is, where necessary helping to facilitate feasibility assessments, getting behind proper planning and, where necessary, providing the proper framework for even handed negotiations between the parties who actually need to make the decisions, that is, the infrastructure providers and the infrastructure users. They are the parties who ultimately use and pay for those facilities. In terms of language, what can governments do to facilitate and enable rather than create? Creation is up to the people – the commercial parties – directly involved.⁴

- 8.9 Similarly, XStrata Coal pointed out that private enterprise, particularly in the bulk commodity fields, does not rely on government to establish major infrastructure projects:

We do not see a role for government investing in the construction of infrastructure developments. However, we do see a role for government in facilitating good planning and coordination between the infrastructure providers so that the coal industry can be confident that it is presented with the range of options and able to make efficient investments.⁵

- 8.10 Other organisations took the same line and further suggested that the Australian Government should play a leading role in instigating and co-ordinating transport strategy:

A firm strategy ... to be employed by the Commonwealth in taking a lead in defining the role of the tiers of government in all transport strategies and directly engaging industry at both a sector and inter regional level.⁶

- 8.11 The Hunter Valley Coal Chain Logistics Team considered the role of government as a shareholder in the ARTC, to be as important as its role as regulator:

The first is as regulator, to ensure that, particularly through the ACCC, we get an appropriate access regime for the track that does not delay investment decisions through bickering around rates of return and the like, as we have seen happening in Queensland; to ensure that we get fair and equitable access that also supports competition; but mainly to

4 BHP Billiton Mitsubishi Alliance, Transcript, 6 April 2006, Brisbane, p.39.

5 Xstrata Coal Queensland, Transcript, 9 June 2005, Gladstone, p.2.

6 New England North West Area Consultative Committee, Submission 159, p. 3.

ensure that we get timely decisions made to ensure that there are no competitive regulator delays or constraints to expansion.

The second role for government is clearly as the major shareholder of the track infrastructure – particularly the federal government, which has the ARTC to ensure that the appropriate shareholder pressure is brought to bear to keep the commitment to the investment being delivered ...in a timely fashion in support of the rest of the coal chain investment that is actually occurring.⁷

- 8.12 Xstrata Coal agreed and said that government could bring to negotiations a wider grasp of the logistics picture:

I would see that as a role for government. In overall master planning you have the infrastructure providers looking at their corridors and you have the ports looking at their ports, but who is looking at the whole logistics of the state? Then we get into interstate issues like the inland railway and things like that. They need to be brought into the master planning.⁸

- 8.13 These comments confirmed the findings of the Exports and Infrastructure Taskforce. In its report to the Prime Minister in May 2005, the Taskforce said:

A consistent theme ...was the need for greater co-operation and co-ordination between the three levels of government and the private sector to ensure the provision of appropriate infrastructure on a timely basis.⁹

- 8.14 The Taskforce report commented that the Business Council of Australia blamed the shortfalls in infrastructure capacity on “...convoluted institutional arrangements and poor policy choices – not ...the demands of higher economic growth or a scarcity of resources or funding”.¹⁰

- 8.15 The Taskforce also referred to a comment in the AusLink White Paper, which said:

7 Hunter Valley Coal Chain Logistics Team, Transcript, 30 January 2006, Newcastle, p.18.

8 Xstrata Coal Queensland, Transcript, 9 June 2005, Gladstone, p.9.

9 Exports and Infrastructure Taskforce, *Australia's Export Infrastructure*, Report to the Prime Minister, Canberra, May 2005, p.22.

10 Exports and Infrastructure Taskforce, *Australia's Export Infrastructure*, Report to the Prime Minister, Canberra, May 2005, p.22.

Australia cannot afford poor and uncoordinated infrastructure decisions that impose high costs on the community, the economy and the environment.

The existing planning and decision making framework is short-term, ad hoc and fragmented across transport modes and jurisdictional boundaries. The development and implementation of a national vision for critical land transport links is vital.¹¹

Long-term planning of transport corridors

8.16 The AAPMA said that long-term planning of transport corridors is essential, so that 24 hour, 7 days a week operations, such as ports, can be buffered from the residential areas:

In general, there is a lack of objective land use planning covering the short, medium and long term needs of freight transport requirements. There is a conflict between urban developments and port expansion. There is little recognition of the need for adequate environmental buffer zones around port activities and transport corridors. Often buffer zones can be adaptively developed to bridge the gap between port operations and transport corridors and urban (residential) development.

Crown land should be specifically zoned or made available where appropriate for freight transport needs using a long term approach. It is not reasonable to withhold making decisions in relation to land use until the demand is proven for the specific need, as much of this infrastructure is required over a long term and the level of demand cannot be quantified to the extent that some regulatory agencies require in the short term. The absence of such decisions may allow such land to be given to other purposes, which may not be compatible with transport use, or even deny future essential transport use.

The effects of urbanisation on capital city and many regional ports is well documented and is having a severe effect on essential port and transport chain expansion plans.

Urbanisation, tourism and ports can live and work together if

11 Exports and Infrastructure Taskforce, *Australia's Export Infrastructure*, Report to the Prime Minister, Canberra, May 2005, p.22.

there is long term land use planning at state and local government level.¹²

8.17 The Victorian Freight and Logistics Council commented:

Government also has a responsibility to most efficiently utilise public infrastructure. Industry has been requesting government to nominate freight hubs for inter-state and intra-state freight operations, which optimise public infrastructure investment and enable industry to invest in a climate of certainty. This guidance has not been available, and it is likely that inefficient investment patterns will emerge over the next decade.¹³

8.18 Meyrick and Associates explained the private enterprise outlook on planning for large scale investments:

...we helped with a bit of work done by the Australian Logistics Council – an industry infrastructure action agenda. Amongst the top four priorities they pick planning. ...We need to understand the framework within which that investment is being made. That can only come from laying down a clear plan. Then when we know where we are going with the planning we can sensibly evaluate our own private investment decisions.¹⁴

8.19 Meyrick and Associates also noted that private enterprise needs guidance from the government sector on the priority areas in the future freight networks:

But while things are very fluid and uncertain with respect to the overall framework within which we are making an investment we are going to be extremely cautious about putting our money on the line because quite often it is irrecoverable. The sort of investment you make in an intermodal terminal, once you have spent it you cannot pick it up and take it elsewhere.¹⁵

8.20 The Hunter Area Consultative Committee (HACC), indicated that, at present, the planning phase is occurring far too late in the life of a project:

12 Association of Australian Ports and Marine Authorities, Submission 63, p.3.

13 Victorian Freight and Logistics Council, Submission 89, p.4.

14 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.6.

15 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.6.

All too often planning is only undertaken after capital funding has been programmed. The future transport challenges have to be met regardless of the timing of capital funding; by identifying and dedicating the required corridors, clear messages are given to the community, industry and government organisations enabling better utilisation of resources.

Without this planning the list of integration issues and problems will grow due to environmental and population pressures and the ability of the Port of Newcastle to make a substantial contribution to Australia's future economic growth will be diminished.¹⁶

8.21 When it comes to the financial role of governments, effective planning is essential; as Meyrick and Associates commented: "...what we do not want to do is spray-gun money all over the place – because that would be a disaster".¹⁷

8.22 Xstrata Coal said that better guidance is needed from the government sector in the development of transport infrastructure. Clear indications of government thinking on transport networks would be an encouragement to private sector investors:

At this stage we have been saying that we believe that the coal industry is mature enough to undertake feasibility studies where it believes they are warranted. We have raised these issues with government. We note that some of the government submissions to the recent task force have stated that they believe that government has a role in undertaking these feasibility studies. However, the construction will still have to be underwritten.

We are willing to conform to that government philosophy and way of thinking. We have had discussions with government. We would like to reach a consistent approach with government. ... There needs to be an understanding as to what the government will do consistently and what the proponents are prepared to do consistently.¹⁸

8.23 The Australian Rail Track Corporation views land use planning as one of the biggest long-term issues for rail. In particular, it argues that

16 Hunter Area Consultative Committee, Submission 136, p.2.

17 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p. 13.

18 Xstrata Coal, Transcript, 9 June 2005, Gladstone, p.5.

corridor planning and excising of land, is essential to meet expected freight growth in Brisbane, Sydney and Melbourne, and in port movements. Careful planning is needed to avoid potentially significant problems in future urban land use in these areas.¹⁹

- 8.24 Referring more generally to transport corridors, the South Australian Freight Council explained the situation very neatly. It set out core principles and policy issues for freight transport infrastructure, and said:

Freight corridors, infrastructure and precincts must not subsequently be encroached upon or be denigrated or down graded by urban sprawl and inappropriate adjacent developments.²⁰

- 8.25 The Hunter Valley Consultative Committee claimed that private investors rely on government action to ensure that priority transport corridors and hubs are identified:

Substantial expenditure, both private and public, has already been made in port facilities and future expenditure can be expected but will require the role of government to ensure that transport corridors and transport hubs are identified and dedicated. This will enable the private sector, in particular, to undertake long term planning in the knowledge that the transport infrastructure support system is in place.²¹

- 8.26 The Southern Regional Organisation of Councils said that long term planning is the only answer:

Freight corridor planning should be undertaken over a long time frame of 20-50 years and where opportunities are identified all three (3) levels of government need to take action to identify, secure and protect these corridors.²²

- 8.27 The Victorian Freight and Logistics Council called for a strong government role. It referred to the conflict that occurs when long-term planning needs clash with the prospect of short-term profitability:

Management of land use is a key area in which government at the State and local level can facilitate the development of

19 Australian Rail Track Corporation, Transcript, 1 March 2006, Canberra, pp. 9-10.

20 South Australian Freight Council, *Moving Freight – Setting a Strategic Framework for the Future*, South Australia's Freight Transport Infrastructure, March 2006, p.3.

21 Hunter Area Consultative Committee, Submission 136, p.2.

22 Southern Regional Organisation of Councils, Submission 60, p.4.

regional intermodal hubs. Ports, hubs and their connecting corridors are a specific use which requires a 24/7 operating environment in order to be effective and to manage the freight task. There are presently few state level protections for freight places and their effectiveness is constantly being eroded by a lack of recognition of their vital role at the local level.

Numerous instances of land use conflicts are reported across the State. This issue must be tackled on a consistent, systematic basis, with buffering to protect non-freight uses abutting freight places and articulation of protection for freight places within local planning schemes and policy instruments.²³

- 8.28 The Hunter Business Chamber, in discussing a proposed new rail link, emphasised the importance of planning ahead. Resuming land for transport corridors, after allowing it to be developed for another purpose, may be either impractical or simply too expensive to contemplate:

Even with the Fassifern to Hexham corridor that we are talking about, we need to be planning now for that future growth, in 20 years time, we will not be able to come back and say: 'We should have set that corridor aside back then. We knew it was coming but we didn't do it.'²⁴

- 8.29 The Hunter Area Consultative Committee, when asked about its priorities for transport and infrastructure, put the preservation of transport corridors at the top of its requirements:

Our No.1 priority is to see the arms of government dedicate the routes that are going to be used into the future.²⁵

- 8.30 The Committee agrees that planning for freight corridors cannot be delayed. Delays now may mean that the necessary land is unavailable when most needed.

- 8.31 The Committee also believes that planning for freight corridors must be based on the longest possible time scale. The rapid growth in the freight task, and advances in transport technology, mean that the planners must look ahead as far as possible and try to anticipate what

23 Victorian Freight and Logistics Council, Submission 89, p.4.

24 Hunter Business Chamber, Transcript, 30 January 2006, Newcastle, p.53.

25 Hunter Area Consultative Committee, Transcript, 30 January 2006, Newcastle, p.64.

will be required in thirty to fifty years time – or be condemned to a long-term game of trying to catch up.

Recommendation 19

- 8.32 **The Committee recommends that COAG adopt a standard that requires infrastructure planning authorities to plan transport corridors on a time frame of at least 30 years.**

Recommendation 20

- 8.33 **The Committee recommends that the Australian Government encourage transport departments and larger local authorities to acquire and zone freight transport corridors as soon as possible.**

Intermodal facilities

- 8.34 The planning and development of IMTs is an area that seems to present considerable difficulty for government. However, the Committee believes it is the inherent difficulty in determining the proper locations for these hubs that makes the government role all the more important.
- 8.35 Governments at all levels recognise the vital role that hubs will play in future transport network arrangements.²⁶ Generally, the Australian Government has not been directly involved in the decision-making processes for the development of intermodal terminals or ports. However, the states have had some involvement in investigating, planning and developing particular intermodal terminals.²⁷
- 8.36 DOTARS acknowledges that there has been “...a recurring industry theme of government failure to respond to the needs of developing terminals and facilitate sound planning”.²⁸ However, it argues that:

It is very difficult for governments to dictate how the freight flows should be broken up at terminal points, and we have

26 Warwick Shire Council, Submission 8, p.2.

27 Department of Transport and Regional Services, Submission 103, p.4.

28 Department of Transport and Regional Services, Submission 103, p.10.

avoided doing that. We have focused on facilitating the availability of terminals at those key points for the industry.²⁹

8.37 The Queensland Government considered that governments have considerable influence over the placement and operation of intermodal facilities:

...the location of any intermodal hub would have to be strongly influenced by the commercial need, and you would take that into consideration. A government, through policy means, should have an influence on not only where it is but how it is used and how access to and from that hub – in particular, access through urban areas – is controlled. There has been an underestimation of the influence of policy on managing the transport network in that regard.³⁰

8.38 The Latrobe City Council agreed that governments have an important role to play in the planning process:

...there is a role for government in strategically placed intermodal terminals to improve the capacity of the infrastructure that we already have – the rail lines and ports that these terminals would service – and the logistics outcomes and export competitiveness where there is a growing container freight task in particular.³¹

8.39 Evidence suggests that the Australian Government is seen by industry to have a responsibility to guide them in the planning process.³² According to Meyrick and Associates, one of the consultants for the National Intermodal Terminal Study, aspects of the government's role could involve:

- leading the industry through sound planning processes;
- bringing together state and federal governments in joint initiatives;
- ensuring that land is available for development;
- achieving a consistent access and regulatory environment for rail; and
- committing funds alongside commercial operators and developers.³³

29 Department of Transport & Regional Services, Transcript, 17 August 2005, Canberra, p.6.

30 Queensland Department of Main Roads, Transcript, 6 April 2006, Brisbane, p.14.

31 Latrobe City Council, Transcript, 25 July 2005, Melbourne, p.38.

32 See for example, Department of Transport and Regional Services, Submission 103, p.15.

33 Department of Transport and Regional Services, Submission No. 103, p.15.

- 8.40 Government action is also needed at the state, territory and local levels, to select appropriate locations and undertake the necessary land use planning.³⁴
- 8.41 Evidence to the Committee suggests that:
- ...what local government needs from the Commonwealth, is guidance and a clear investment framework ... about the priorities from the Commonwealth perspective, particularly in the ports and the road and rail infrastructure.³⁵
- 8.42 In particular, evidence strongly supports a role for all tiers of government in preserving land for potential IMT developments in the future:
- Protecting [potential intermodal] sites for the future is the first thing that the government has to make sure it does.³⁶
- 8.43 Queensland Transport argued that, while it may be costly, identifying and preserving sites for intermodal hubs should be a core government role:³⁷
- Development of them may well be a commercial issue for both road and rail freight carriers. But actually finding the sites for those things can be as difficult as identifying the corridors themselves, because they need a fair bit of land and they need it in strategic locations.³⁸
- 8.44 The Australian Logistics Council (ALC) argues that government assistance may be necessary to ensure that terminals are not constrained by their land access links.³⁹ It believes that despite relative land scarcity for development or expansion, consideration of initiatives such as the proposed Enfield terminal, demonstrate "...the government's willingness to address the need to cater for future freight volumes".⁴⁰

34 Department of Transport and Regional Services, Submission No. 103, p.16.

35 Latrobe City Council, Transcript, 25 July 2005, Melbourne, p.33.

36 Queensland Transport, Transcript, 6 April 2006, Brisbane, p.13.

37 Queensland Transport, Transcript, 6 April 2006, Brisbane, p.12.

38 Queensland Transport, Transcript, 6 April 2006, Brisbane, p.12.

39 Australian Logistics Council, Transcript, 13 September 2006, Canberra, p.2 and Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.3.

40 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.63.

- 8.45 Meyrick and Associates reported that the lack of a strategic planning framework acts as a barrier to industry investment in intermodal facilities:⁴¹

I am very confident – because industry people tell me this – that the lack of clear signals from government about where they see priority freight networks developing, and consistency over time for that initiative, is an impediment to private sector investment.⁴²

- 8.46 The ALC explained the importance of the government role in establishing intermodal facilities. It also outlined the effect that the Australian Government aimed for with AusLink:

Generally the organisation of the intermodal supply chain occurs in a decentralised way. Co-ordination occurs in a manner that is not in the best interests of the intermodal system as a whole, but suited to the interests of private operators. In recent times this has changed with national initiatives such as AusLink demonstrating that the government, along with industry groups, is willing to adopt a more centralised approach to the planning and operation of intermodal infrastructure.

AusLink's corridor strategies are intended to create a cooperative planning process with state governments in order to better develop the understanding of the current and future role of intermodal terminals and their inter-relationship with road and rail networks.⁴³

- 8.47 The Council also reviewed the problems being encountered in state planning arrangements. It indicated that comprehensive plans are being delayed by uncertainties over funding allocations:

At a state planning level there has been considerable recent work aimed at identifying future terminal needs, including the work of the Freight Infrastructure Advisory Board in NSW, and the South East Queensland Intermodal Freight Terminal Study.

Many states are rethinking their planning frameworks and processes to facilitate a more coherent approach to the development of an effective intermodal system. But no state,

41 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.6.

42 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.6.

43 Australian Logistics Council, *Infrastructure Action Agenda*, Sydney, 2006, p.76.

as yet, has a comprehensive and fully articulated plan for future intermodal development. The disparate views held by intermodal stakeholders regarding the source, level and conditions surrounding funding, when evaluating the case for or against the development of intermodal terminals, are one of the factors impeding public planning.⁴⁴

Government Funding

8.48 Government action cannot stop at the planning level. Evidence to the Committee, as expected, strongly advocated the funding role of governments. One example of this was a call for government investment in infrastructure to support access to IMTs.⁴⁵

8.49 Some evidence proposed a role for government in actively encouraging private investment, but with the usual expectation of government funding appended:⁴⁶

Currently, investment by the private sector in regional infrastructure is minimal; changes to this investment culture will be slow and can only occur with encouragement from all three tiers of government. Business can rightly question why they should invest in regional infrastructure when the government isn't prepared to do the same.⁴⁷

8.50 The Riverina Eastern Regional Organisation of Councils (REROC), explained that local government in regional areas can supply expertise, capability and willingness to joint ventures with other levels of government and/or the private sector – but it is hampered by lack of funds. REROC said that governments need to recognise that infrastructure investments do not yield instant returns:

Our members also see opportunities to create public-private partnerships through projects such as regional intermodal hubs and the provision of rail services. However it is likely that such partnerships will only develop where governments recognise that returns on investment in transport infrastructure only occur over long periods of time, government funding support needs to reflect this reality.⁴⁸

44 Australian Logistics Council, *Infrastructure Action Agenda*, Sydney, 2006, p.76.

45 Parkes Shire Council, Submission 28, p.1.

46 Parkes Shire Council, Submission 28, p.7.

47 Riverina Eastern Regional Organisation of Councils, Submission 92, p.4.

48 Riverina Eastern Regional Organisation of Councils, Submission 92, p.4.

8.51 These expectations, and the needs of the regional areas, sometimes put the government sector in a difficult position. The Victorian Freight and Logistics Council observed that:

Government's facilitative role vis-à-vis intermodal hubs, highlights a difficult balance between potential distortion of markets and efficient expenditure to manage public costs incurred through freight movement.

Shifting port cargoes to rail will generate significant public goods in terms of avoidance of accidents, congestion, greenhouse emissions and road expenditure demands. However, provision of infrastructure or regulatory support for a privatised hub may be viewed as anti-competitive. Where hub infrastructure is publicly owned, common user policy and regulation may be the only means to facilitate public support. Management of land use is a key area in which government at the State and local level, can facilitate the development of regional intermodal hubs.⁴⁹

8.52 A branch of the Chartered Institute of Logistics and Transport summarised the situation in its submission to the inquiry:

The Commonwealth and State Governments have already taken or are implementing specific initiatives to address under-investment in transport and to improve transport planning and coordination at a national level. These initiatives include:

- Auslink as a vehicle for national transport planning, Commonwealth/State co-operation, funding and a more rigorous approach to transport investment and administration
- the creation of the National Transport Commission to provide recommendations on the regulation of both road and rail
- the use of ARTC to develop the interstate rail system and improve the movement of coal in the Hunter Valley. Projects planned by the ARTC will improve connectivity to ports and port efficiency.

49 Victorian Freight and Logistics Council, Submission 89, p.4.

The success of these initiatives will rest on the active cooperation of all levels of Government and the private sector.⁵⁰

- 8.53 Rio Tinto Coal acknowledged that there are times when the government sector needs to provide funding to ensure that strategic projects are completed:

I think that it would be valuable if the government could access funds to support projects it thought were overwhelmingly in the national interest.⁵¹

- 8.54 The Government must also take account of factors beyond the question of whether the project is economically sustainable. Other issues such as health, public planning, safety and the environment are all areas where government has a role and a responsibility. In taking its decisions, these (and other) aspects of social amenity must be taken into consideration.

Committee Assessment

- 8.55 The Committee considers that the evidence given to this inquiry shows clearly that:

- close co-operation between the three levels of government, and between government and private enterprise, is essential if the transport network is to keep pace with the growth of the transport task;
- there is an expectation in the industry that the Australian Government must set the lead in infrastructure planning and development; and
- it is also essential that, in this field, the barriers of state, territory and regional borders must be broken down. The need is to treat the whole country as one complete transport network.

- 8.56 The Committee is convinced that improving co-operation between the three levels of government, and between government and the private sector, is the biggest challenge facing the Australian transport industry. A lack of co-operation, and delays caused by complex administrative processes, were described in evidence at almost every place the Committee visited.

50 The Chartered Institute of Logistics and Transport, ACT and S.E. NSW Section, Submission 64, p.14.

51 Rio Tinto Coal Australia, Transcript, 9 June 2005, Gladstone, p.32.

- 8.57 The evidence also shows that the private sector looks to government, especially the Australian Government, for guidance. Consequently, despite its central role in planning and in funding transport infrastructure, the Government's most important role may be in co-ordinating and facilitating the implementation of infrastructure investment.
- 8.58 Experience has shown that planning for the establishment of transport corridors and intermodal terminals requires a long-term perspective. To even keep pace with the expected transport demand, will require planning now for the situation 30 years ahead. This underlines the difficulty of the task Australia faces to overcome the present infrastructure backlog, especially in the railway sector.
- 8.59 Government funding of infrastructure has expanded in recent years, notably with the establishment of AusLink. However, the Committee found that there are essential projects that should be given priority in government funding decisions – as discussed in Chapters 3, 4 and 5.

Recommendation 21

- 8.60 **The Committee considers that only COAG is in a position to achieve the necessary co-operation between jurisdictions. It recommends that COAG undertake, as a matter of urgency, consultations with state and local government authorities, to seek agreement that transport networks should be treated as a single Australia-wide system, as further described in Chapter 11.**
- 8.61 There is a long-standing feeling, supported by the Committee, that the Department of Transport and Regional Affairs requires a planning and engineering arm, to allow it to co-operate more fully with the State departments.
- 8.62 The Committee does not envisage a large bureaucracy, but a tight unit, high in engineering and planning expertise.

Recommendation 22

- 8.63 The Committee recommends that the Minister for Transport and Regional Services establish a small infrastructure development unit in his department, to enable it to co-operate fully with the State departments on infrastructure planning and development. The unit should be staffed by qualified transport engineers, supported by people experienced in planning transport projects.

Recommendation 23

- 8.64 The Committee recommends that, in recognition of the situation of small cities and shires hosting projects of national significance, with infrastructure requirements beyond the capacity of their rate base to finance, that the criteria for access to the AusLink Strategic Regional Programme be revised to take account of their situation.