

Address to Urban Transport Australia

Tuesday

23 February 2010

Sydney

Thank you for the opportunity to speak today on local government and its role in urban transport.

It is an exciting and challenging time to be involved in urban planning in Australia.

Australia's population is expected to increase rapidly in coming years. The Federal Government is forecasting population to increase by 60 per cent to reach a total of 36 million by 2050.

The majority of these extra people will live in our major cities – with most concentrated on the eastern seaboard in Melbourne, Sydney and South-East Queensland.

The planning and infrastructure development challenges to meet this increase are significant if we are to maintain – or better still – improve the amenity and economic functioning of our cities.

If that is not challenging enough, this population increase will have to be accommodated in a period of uncertain access to oil, and – regardless of the outcome in Copenhagen – a need for our cities to reduce their carbon footprint. And the age profile of our population is also changing, with a significant increase in the numbers of older people which will also have implications for our transport planning.

Today I am going to discuss these challenges from the perspective of local government. However, before I get to that, I think it will be useful to first give you a bit of context and background about local government in Australia so you can get a sense – in terms of transport – of the role we play, the role we might play and our various challenges and constraints.

Background on local government in Australia

In Australia, local government is usually referred to as the third level of government, after the national and the state and territory governments.

Almost every Australian lives in a local covered by one of the 565 councils which we have across Australia. The only people not

covered by councils are those living in Canberra and small numbers living in unincorporated areas of outback NSW and South Australia.

When we talk about local government – we are talking about a range of varying shapes, sizes, capacities and functions which differ across state and territory jurisdictions as well as within jurisdictional boundaries.

We are talking about councils on one hand – such as the City of Brisbane – with a population of more than 1 million people and a budget rivaling the entire State of Tasmania. While on the other hand – councils like West Pilbera in WA which is the geographic size of Japan but with a population of only a few thousand.

What this means is that statewide and nationwide approaches to local government or in developing initiatives involving or partnering with local government, are challenging because councils are not uniform in size, competency or approach.

In aggregate, local government represents about 2% of Australia's GDP with an annual expenditure of about \$25 billion each year, a

workforce of about 170,000 people and assets worth more than \$200 billion.

These are significant figures and the efficiency with which Local Government operates is important to the national economy.

The core business of councils is to plan and provide the everyday infrastructure and services which supports our communities. The actual responsibilities of councils is a longer list than most people think and includes: roads, parks, recreational facilities, sporting facilities, libraries, swimming pools, water and sewerage, garbage collections, waste disposal, child care, Meals on Wheels, senior citizen's services and nursing homes. I could go on. In the case of Brisbane City Council it also includes public transport services such as buses and ferries.

Transport can be a vexing issue within the local government sector. Councils are collectively responsible for maintaining 80% of all roads in Australia. It is a massive task. Not surprisingly, roads are local government's biggest asset by some margin and road spending typically takes up a huge portion of a council's budget.

Public transport – with some small exceptions such as Brisbane – is generally not a local government responsibility. There are different opinions therefore within local government over how active councils should be in transport planning outside of our core business of providing and maintaining local roads.

There are those who say we should simply stick to our knitting and concentrate all of our efforts on issues around road based transport on the local road network which we directly manage. This view is most pronounced in some rural councils.

Increasingly though, councils – particularly in urban areas – are seeing a key role for local government in public transport – usually as a community advocate rather than as a service provider. They see a role for councils in agitating issues around public transport provision and freight movements from a local community perspective. As a result, councils are now increasingly at the frontline in arguing for better public transport in the communities they serve.

Building a Big Australia: Future Planning Needs of our major Cities

This approach is entirely consistent with local government's general objective to build and foster better urban areas.

Our cities in the past have largely developed independently of each other. While there has been varying levels of state direction and planning, there has been an absence of federal government involvement in shaping and influencing how our cities look, feel and operate. Yet despite this, Australian cities since the Second World War have still developed in a fairly similar way.

Over the last 60 years they have been shaped by cheap oil and the ready availability of cheap motor vehicles which has resulted in the urban sprawl that characterises all of our major cities.

Late last year the Prime Minister delivered a speech titled "Building a Big Australia: Future Planning Needs of our major Cities" in which he signaled and foreshadowed new national leadership in planning the future of our cities. He justified the involvement of the Federal Government in cities on the basis that the future of our cities will substantially shape Australia's future economic prosperity and performance of our nation. We in local government welcome his interest in this area.

The key policy driver in urban transport planning over coming years is unquestionably our significant expected population increase.

The Federal Government is predicting that by 2049, Sydney and Melbourne will each hold almost seven million people - that is an additional three million for each. Brisbane is expected to more than double to four million, Perth will reach almost three and half million and Adelaide one and half million.

I mentioned earlier that our present cities have been shaped by cheap oil and the availability of cheap motor vehicles. The proliferation of motor vehicles has driven demand for road networks and placed governments at all levels under pressure to build more road infrastructure.

Surely we now accept this trend is unsustainable on both financial and environmental grounds into the future.

**Bureau of Infrastructure, Transport and Regional Economics
(BITRE)**

However, having said that, the impact on transport of this population increase in coming years is likely to be less pronounced than the huge increase we have seen in travel over the past 40 years. According to the Bureau of Infrastructure, Transport and Regional Economics, the amount of travel undertaken by people increases as incomes increase until the point is reached where higher incomes do not increase the demand for transport. This is referred to as the saturation point. The Bureau's recent research concludes that travel growth per head of population in Australia had almost reached saturation in 2008 and further increases in income per person are unlikely to generate substantially more travel per person in our cities.

The significance of this is that unlike past decades, future travel demand will be driven by population growth only, and is unlikely to be impacted much by other factors such as rising economic prosperity.

Federal Involvement in urban transport

The Rudd Government has made it clear that one of its big priorities and one is investment in quality national infrastructure.

In the last Budget the Federal government announced funding of \$7.9 billion over six years to improve and expand the nation's passenger and freight rail infrastructure.

Some of the largest projects submitted by the states for funding to Infrastructure Australia involve urban public transport and other urban transport infrastructure in our cities. These are welcome areas for Commonwealth funding.

Given this level of investment by the Commonwealth, it is not surprising that the Federal Government wants to be assured that funds are being well spent and targeted. At the last meeting of the Council of Australian Governments – COAG – the States agreed to submit plans for their capital cities for vetting by an independent group, the COAG Reform Council.

COAG

In a country like Australia with our three levels of government and centralised taxation system, it is not just important but essential that the three levels of government work effectively together.

Under the Rudd Government, we have seen COAG go from an annual talkfest to a sharper, reform focused body which now meets four times a year.

You can call it cooperative federalism, or you can call it whatever you like – I'll just call it a good thing.

There are very few policy issues facing Australia – including transport – which can be solved solely at one level of government.

Developing COAG into a more robust and effective structure for enabling the collaboration across the three levels of government to respond to policy priorities such as in transport must be a priority.

What does this mean for local government?

Local government has for many years called for direct Federal involvement in the planning of cities and the funding of major urban transport projects – so, of course, we welcome this new direction for the Commonwealth.

With the exception of Brisbane City Council, individual councils are generally not large enough to play more than a supportive role in these new arrangements. Nevertheless this is still an important role as it links large federally-funded projects to the community and local planning.

While local government has managed its urban planning role reasonably well, there are obvious advantages in a coordinated approach to city and transport planning. This raises questions about the number of councils in urban areas and how to most effectively meet the planning challenges of the population growth we face in our cities.

In the Sydney basin, for example, where population is expected to grow by more than 3 million over the next 40 years, there are 39 councils - 49 councils if we also consider Newcastle and Wollongong.

In my view, local government can and must do better through a more coordinated approach using regional structures that give councils a stronger capacity to work with Federal and State governments on major infrastructure needs.

The role of local government

While Federal and State Government have the role of big picture planning for our cities, local government's role is to ensure that services and facilities are provided at the local community level, and this means dealing with people on a more personal level.

I want to highlight two specific examples outside of our role in roads and issue advocacy of how local government is playing its part in improving urban transport links:

- By providing community transport; and
- by creating and encouraging healthy spaces and places

Community Transport

Community transport is a service that is increasingly provided by community organisations and councils to address gaps in public transport services, especially targeted at the disabled, frail and aged members of the community.

Community transport services assist some of the most vulnerable in our community to access the care and services they need when they need them. This fosters social and community engagement and also gives individuals the ability to choose to live independently for as long as possible. This is something which benefits everybody – the recipients themselves but also society generally through lower care costs.

In Victoria, 45 per cent of councils provide transport services for people who are transport disadvantaged. A report prepared by the Victorian Council of Social Service in 2008 examined six community transport services and found that they provided more than 78,000 passenger trips, travelled over 778,000 kilometres and utilised over 13,800 volunteer hours each year. This is the largely hidden, but rapidly emerging, public transport system that will undoubtedly play a bigger role in the future.

The demand for community transport will grow with the ageing of the population. ABS statistics show that almost 20 per cent of persons aged over 60 in Victoria need assistance with transport, a figure which rises to 33 per cent in the 80-84 year old category, and 43 per cent for those aged between 85 and 89.

A report for the Municipal Association of Victoria in 2009 shows that whilst councils spent about \$21 million on local community transport initiatives, 75 per cent or more of councils surveyed did not consider the services either ‘adequate to meet *the amount* of services needed by the community’ or adequate to ‘meet *the type* of services needed by their communities’.

As Australia’s population ages, community transport is just one of a number of services that local government will be increasingly called upon to provide. To achieve the best results better coordination and funding are necessary. On the funding side, local government cannot possibly meet the funding needs alone. There must be a limit to what can be funded out of the ratepayer purse.

Funding

This highlights an important issue for every one of the 565 councils. While there has been exponential growth in local government roles and responsibilities over the past 50 years, there has been little by way of reform to the funding structures which pay for local government.

Councils are still predominately funded by a property tax – rates – collected in the same way as it was 100 years ago.

It made sense 50 years ago – when local government pretty much just serviced physical property and infrastructure – that it was property owners who provided the revenue needed to support the institution of local government.

However, in 2010, when the typical metropolitan council is now spending more than half of its budget on servicing people – such as through providing community transport, ratepayers everywhere are entitled to question if this is still a fair and reasonable funding arrangement?

In my view, there is a compelling case that the way we fund local government in Australia is antiquated and in need of reform and rejuvenation – and that the emphasis should be on sharing an increased amount of centrally collected tax revenue at the local level.

Healthy Spaces and Places

As well as community transport, local government also has an opportunity to contribute to urban transport planning through its role in planning and influencing the built environment. A key

challenge for urban transport planning is how to make people less car dependant. The way our cities and neighborhoods are designed affects whether or not it is easy for people to walk, cycle and use public transport.

Australia has enormous levels of preventable disease according to the National Heart Foundation. Cardiovascular disease kills one Australian nearly 10 minutes, affects more than 3.7 million Australians and prevents 1.4 million of us from living a full life because of disability caused by the disease. About half of Australian adults and up to one in four children are overweight or obese.

Everyday councils are making hundreds of planning decisions which affect how our cities look and feel. Transport and mobility considerations now figure increasingly prominently in these decisions. To support this, the Australian Local Government Association has recently completed a project in partnership with the National Heart Foundation and the Planning Institute of Australia to develop guidelines for councils to use in the design of healthy spaces and places in our cities into the future.

Conclusion

Unlike state or federal government, local government is present and has a service desk physically in just about every single community across the country.

I guess it is our competitive advantage if you like.

I encourage you to think about how local government might be a constructive partner to you in the area in which you work – whether it be in state or federal government or in the private sector – in achieving improvements to the way we will meet the community's future transport challenges.

In coming to a conclusion, and as I've indicated, our cities will experience significant population growth for the next 40 years. The number of older Australians will also significantly increase.

This presents challenges for all three levels of government.

The involvement of the Federal Government in our cities is a welcome development and recognises that efficient cities are

essential to the future prosperity of Australia. Collaboration across governments is vital.

However, there is also a need to be more creative and to develop new governance arrangements, for example the strengthening of regional structures, to more formally coordinate planning across multiple councils and the state and federal governments.

I look forward to exploring some of these issues further in the panel discussion coming up shortly.

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