

Assoc Prof Philip Laird PhD, Comp 1E Aust, MCIT  
School of Mathematics and Applied Statistics  
University of Wollongong 2522  
Phone (02) 42213421 Facsimile (02) 42214845

29 March 1999

ESD Inquiry  
Productivity Commission Email: esd@pc.gov.au  
Locked Bag 2 Collins St East  
MELBOURNE VIC 8003

Dear Inquiry,

**Submission re implementation of Ecologically Sustainable Development by Commonwealth departments and agencies.**

Would you please accept this letter as a submission to the Inquiry.

1. Thank you for sending a copy of the Draft Report dated February 1999, in response to my submission dated 3 December 1998. This submission was a late one, and I would hope that it can be re-read when drawing up the final report.
2. I would generally support the recommendations of the Draft Report, but consider that they should have gone further, and in particular in relation to energy and transport data. I also consider that applications of Ecologically Sustainable Development principles cannot be divorced from pricing of energy and transport to ensure that all costs, including current externalities are met by the users. Tax policy also has a vital role. These aspects seemed to be absent from the report, which perhaps reflects the limited terms of reference.
3. I consider that inquiry process for this reference would have been improved with public hearings, and that the absence of public hearings in the present inquiry is a loss.
4. From my primary submission, it would be good to get better data on energy use, and progress in improving energy efficiency along with promoting Ecologically Sustainable Development. To this end, it was recommended:

*That each Commonwealth department and agency be required, in their annual report, to make substantial comment on progress in implementing Ecologically Sustainable Development principles, and include details of total energy use and data on energy efficiency for their relevant major operations, and the sectors of the economy for which they have responsibility.*

*That, via the COAG process, or other means, similar reporting measures be required for State and Territory departments and agencies, and for each publically listed company.*

Such measures would improve the level of awareness and understanding about energy use along with Ecologically Sustainable Development, and the need to practice the underlying principles, plus to improve energy conservation and efficiency (and so have a counting of Megajoules used or generated etc, as well as dollars earned or spent).

5. I note Draft Recommendation 7.4 in regard to giving the Australian Bureau of Statistics (ABS) major responsibility in regards to environmental data etc. However, ABS may well need better direction and or resourcing to provide this.
6. As per my main submission, there is a need for more and better data in land freight transport in Australia along with a need for increased energy efficiency in transport. **To this end, the National Transport Planning Taskforce in 1994 recommended an expanded role for the Bureau of Transport (and Communications) Economics in this area.** In any event, it is submitted that a quantum increase in resources needs to be made available to transportation data collection and analysis in Australia, and, that these resources should be provided by the Commonwealth. The United States **Bureau of Transportation Statistics (BTS)** is a good model. The BTS was established as a result of the United States Intermodal Surface Transportation Efficiency Act 1991 that sets out to mandate responsible intermodal planning in such a way to "*...reduce energy consumption and air pollution while promoting economic development*". Funding for the BTS was continued in the Transportation Equity Act signed into law by President Clinton in 1998.

Limitations on transport data were noted as acute as far back as 1980 by the NSW Commission of Inquiry into the Road Freight Industry (G. McDonell). The situation for timely and accurate transport data available for the public record has not improved since then, and recently has become worse. As per an Editorial of Railway Digest, December 1997: "Both road and rail would benefit from more and better data on freight and passenger movements. Such data needs to be accurate, up to date, and published quickly. Transport data is an important area where the Australian Bureau of Statistics is struggling with other demand on its resources (it ceased its publication Rail Transport years ago and more recently its Interstate Freight Statistics). Other Government agencies analysing land transport data have either gone (the Inter-State Commission 1990, the Bureau of Industry Economics in 1996; and now the Energy Research and Development Corporation) or, been down sized (Bureau of Transport and Communications Economics in 1996, and now our Universities). "

As an example of ABS difficulties in providing transport data, one only needs to look at the 1997 Year Book for the tables giving rail data, where for freight tasks

(billion tonne km) public rail was overstated and private rail understated. With increasing privatisation of rail systems, and with the present arrangements, there is by no means confidence that all rail freight tasks (in billion tonne km) will be accurately reported, or even reported at all.

7. The note on page 45 of the draft report that the Department of Transport and Regional Services via its Corporate Plan "...strives to provide a competitive framework for competition between and within modes, and promotes accessibility, sustainability, and environmental responsibility. " **raises a real need for performance indicators.** These would include public funding of various modes, and cost recovery from each mode, along with the extent of use of each transport mode for freight and passengers. The respective energy efficiencies of the modes are also relevant. Some limited discussion of this Department is given on page 47 of the draft report in regards to aviation and noise levels, and a one line reference is made to maritime transport. On the basis of my main submission, and other evidence, I believe that the above goal of this Department deserves more comment in the final report than it did in the draft report.

In regards to land freight services, where true efficiency is vital for Australia's economic performance, and necessary to assist both ESD objectives and reducing Greenhouse gas emissions, this Department's corporate goal is simply not being met. The present pre-occupation by Government appears to be ongoing 'highway subsidisation' with increasing competition within rail freight services, whilst all but ignoring major distortions in road-rail competition for freight via distortions in infrastructure funding and pricing.

Current road transport trends in Australia for urban car use (doubled over 20 years to 1995), urban road freight (tripled in this time), and non-urban road freight (quadrupled) are simply unsustainable into the next decade. This has been recognised by many Government reports at a Federal and State level going back to the early 1990s, and most recently with the 1997 report 'Urban Air Pollution in Australia', and the 1998 National Greenhouse Strategy. As well, improving public transport patronage and moving some intercity freight from road to rail were found by the BTE in its 1996 report, 'Transport and Greenhouse' to be 'no regrets' measures.

The 1998-99 move by the Federal Government to impose a GST on public transport coupled with cheaper cars and lower diesel excise on trucks is of concern. Put very simply, tax reform should be making the land transport situation better and not worse.

Irrespective of the outcome of tax reform as it applies to land transport, there is the challenge of Sustainable Transport. Earlier reports, such as the 1991 ESD Working Group on Transport has grappled with the issues. An important recommendation - one of 40 - was that Government's take account of ESD in investment in transport infrastructure (between transport modes). This was echoed,

with funding on merits rather than on modes (not just roads), by the National Transport Planning Taskforce in 1994, and more recently by the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform in 1997 (report on roads) and 1998 (report on rail).

Please contact me if you would like further details, and by e-mail on [philip-laird@uow.edu.au](mailto:philip-laird@uow.edu.au) if you would like a soft copy.

Yours sincerely