

TRANSPORT INFRASTRUCTURE

DISCUSSION PAPER



Regional Development Australia Sunshine Coast Inc.
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TRANSPORT INFRASTRUCTURE FOR A PROGRESSIVE SUNSHINE COAST

The Sunshine Coast is blessed with natural assets, great people and a geographic location that keeps us well connected with the state's hub. We have worked hard in recent times to diversify our economy, attract the interest of major corporations and give future generations a solid foundation for which to prosper.

There does, however, remain a lingering question surrounding our transport infrastructure – as it is undeniable that key transport and technology infrastructure projects are required for the Sunshine Coast to progress and reach its potential.

Much hard work has already been undertaken to determine what is required for our region and now it is time to have a frank conversation on how to deliver this key infrastructure ASAP.

Chair of Regional Development Australia Sunshine Coast (RDASC) Tony Riddle believes “it is important for the community to have a voice in determining whether we wish to adopt alternate funding mechanisms for infrastructure or to remain in a state of underfunded infrastructure and gridlock”.

“RDASC intends to seek ideas from organisations from around the world who have delivered major infrastructure outside traditional methods and to have a broad conversation with the Sunshine Coast community, elected representatives in Local, State and Federal Government and the local business community”.

This paper is our conversation starter.

CURRENT STATE

Much commentary in the public domain has centred around missed opportunities and the priority of a myriad of transport projects on our books.

Recently it was announced that our region has become the recipient of \$929.3m in

Government road infrastructure funding that will improve safety and connectivity to the Bruce Highway. Chair Tony Riddle welcomes the news however states that “it is just one project on a long shopping list of transport infrastructure projects which includes the North Coast Rail Duplication, Bruce Highway Upgrade (Caloundra Road to Caboolture), Mooloolah River Interchange (MRI), Sunshine Coast Airport Expansion, Light Rail and CAMCOS corridor”.

Ongoing debate about priorities needs to make way for proactive and constructive discussion and action on how we (all levels of government and the community) can combine with the private sector to bring these projects to fruition.



*Bruce Highway congestion
(Image courtesy Sunshine Coast Regional Council)*

This is what we know now:

- The population of the Sunshine Coast Region is expected to reach 514,000 by 2036 (ABS), an increase of over 60% over the next twenty years.
- Private motor vehicles are used for the majority of trips on the Sunshine Coast – approximately 80% of Sunshine Coast worker's main method of travel to work was by private vehicle (ABS, 2011).
- Car use is growing faster than total employment on the Sunshine Coast (14.7% versus 11.0%) – placing ongoing pressure on the road networks to manage demand during peak times.

- Visitors and prospective visitors are saying that congestion on the Bruce Highway is a deterrent (EMDA, 2013).
- Low public transport use and high car dependency will mean increased congestion in areas like Sunshine Coast University Hospital.

RDASC Chief Executive Officer Darrell Edwards adds that "anyone that hops in a car or uses public transport in the region on a daily basis knows that action is desperately needed".

"We require a transport system that will meet the needs of the community, foster economic prosperity and sustainability into the future – as population growth and driver behaviour has and will continue to contribute to increased congestion and frustration".

Our regional economic progression is to be admired and major infrastructure projects, including the Sunshine Coast University Hospital, Sunshine Coast Airport, Maroochydore Bright City, Harmony and Aura are all set to be delivered within the next 20 years. Our transport infrastructure as it stands now will not cope as these impressive developments come to fruition and instead of playing the blame game, we all need to have an open and honest discussion on how we can fast track transport infrastructure projects or be left behind.

Looking around the country and the world it is very evident that this is not just a Sunshine Coast issue.

McKinsey in their "Bridging global infrastructure gaps" report highlights a global gap and suggests that the solution is to unlock financing and make the sector more productive. This view is shared by Infrastructure Australia in its 2016 report "Australian Infrastructure Plan Priorities and reforms for our nation's future" which identifies four headline aspirations, with "reform" as the centrepiece:

- Productive cities, productive regions;
- Efficient infrastructure markets;
- Sustainable and equitable infrastructure; and

- Better decisions and better delivery.

At RDASC, we work with all levels of government, business and community groups to support the growth and development of our region. And while we advocate for investment in transport infrastructure, in an era of constrained capital and many competing priorities for Federal and State funding, we encourage debate and support for smarter infrastructure solutions, reducing costs and increasing productivity in construction industry and consideration of alternate funding methods.

As a community and a region we need to move the conversation from the 'what' – What is needed? What is the priority? To 'how' –

- How can we source the funding required?
- How can we learn from other transport projects and employ innovative techniques?
- How can we make transport infrastructure more efficient?
- How do we change driver behaviour and influence modal shift to public transport?

INFRASTRUCTURE FUNDING

How can we source the funding required?

Infrastructure funding can come from two sources: taxpayers or users (who pay a return to investors).

While many believe that most, if not all funding should come from the Government, the reality is that the Sunshine Coast is competing for funding with every other region in the country. So in addition to lobbying for Government funding, RDASC believes that we must get on the front foot, look at what funding has been committed to date and set in place strategies to bridge the gap.

Bridging the gap is where private and user funding comes in and many experts believe that this is a far more equitable source. In their report, McKinsey identify that connecting

"institutional investors with projects that need their capital as well as expanding the role for public-private partnerships" is a solution.

To attract capital there needs to be a sustainable return for investors. Infrastructure Australia recommend a "transition to a more user pays approach" which would "allow charging to be linked to funding and supply to be linked to demand". There needs to be greater fairness and equity in how we pay for roads. A charge per kilometre travelled on major roads is the most transparent and user pays approach, which could fund improved infrastructure elsewhere. Transurban Group recently conducted a driver behaviour study on Melbourne commuters which suggested "that road usage charging model did not impede their regular driving behaviours and activities".

Would you contribute on a user pays system for a faster alternate route than Nicklin Way or rather sit in a gridlock with possible delays?



McKenzie Bridge – Mooloolah River

INFRASTRUCTURE COST AND PRODUCTIVITY

How can we learn from other transport projects and employ innovative techniques?

Who is at the forefront of innovation and efficiency, public or private, large or small civil engineering companies and who should be delivering these projects?

A bigger opportunity exists in making infrastructure more efficient and effective through productivity growth in the construction sector and adopting more innovative solutions. An example of this is the savings evident as a

result of innovation and value engineering during the design of the Bruce Highway upgrade at the Caloundra Road and Sunshine Motorway interchanges (including the Diverging Diamond Interchange) – which reportedly saved \$200m and reduced the project footprint on Beerwah State Forest.

The Civil Contractors Federation of Queensland highlighted in a report in 2014 that de-bundling projects may provide high contractors participation across the industry and greater value for money for government. Thus fostering a vibrant, competitive and innovative industry.

This view was supported by The Productivity Commission Final Report into Public Infrastructure "For larger and more complex projects, government clients should pre-test the market to gain insights into possible savings from packaging the project into smaller components, reducing the level of risk borne by any one contractor and promoting greater competition by relatively smaller construction companies. (Recommendation 12.8 page 478).

What work is currently underway, or can be explored with regards to regulations and compliance versus project cost and duration?

When we look at efficiencies which result in cost savings it is also important to consider the regulations which govern the construction industry and the impact of compliance on infrastructure projects. This is a very broad topic and not one that can be easily explored however it is important to acknowledge that adherence to regulations does have a significant impact on the cost and timeframes of a project.

We are not suggesting that the regulations are not warranted and by no means should safety requirements be watered down at all but reviewing of regulatory requirements should be included in a conversation about efficiencies and potential innovation.

INNOVATION: SMARTER LOW-CAPITAL SOLUTIONS

How can we make transport infrastructure more efficient?

Infrastructure Australia highlights the need for change in driver behaviour – “shifting people from cars to public or active transport, or freight from trucks to trains, can reduce emissions, improve air quality, and lift the broader efficiencies of road and rail networks”.

Tackling the traffic jam on the Bruce Highway is needed and in addition to road infrastructure upgrades, rail needs to be given due consideration as a viable alternative. Three things motivate change in behaviour: pain points (time and safety), reliability (there when it should be) and incentives (Cost and time saving). If there was a faster rail alternative to the Bruce Highway, we are confident that people would take that option. With current travel times of 1 hour 15 minutes from Landsborough and a similar cost base, there isn't enough incentive to swap. However, if there was a travel time under 1 hour, could you be enticed?

It is also important to explore existing transport solutions used in other parts of the country and world which may make our existing transport infrastructure more efficient. These solutions may include the use of T3 lanes, paid lanes in the road median, express bus lanes on the shoulders and improved bikeways as a commuter option across the region.

How do we capitalise on technology to reduce congestion?

In addition to rail and existing solutions, there are two significant, innovative disruptions to the transport industry including ride sharing/car-pooling and driverless vehicles. CEO Darrell Edwards comments that “RDASC is in discussions with car-pooling app providers as a possible solution to congestion”.

Department of Transport and Main Roads is due to complete its muchly anticipated Regional Transport Plan in mid 2017.

LET'S START THE CONVERSATION

RDASC is interested in your views and ask that you take a proactive part in this conversation to help shape progress in our region.

ABOUT THE AUTHOR

Regional Development Australia (RDA) is an Australian Government Initiative and Regional Development Australia Sunshine Coast (RDASC) is one of a national network of 55 committees made up of local leaders who work with all levels of government, business and community groups to support the development of their regions.

RDASC is committed to working with Local, State and Federal Government to deliver coordinated and sustainable growth and prosperity for the Sunshine Coast region and aims to support our local business community by helping them to achieve their goals and in turn deliver positive outcomes for the Sunshine Coast region and our residents.

RDASC works in consultation with the community, business, non-for-profit organisations and all levels of government, to articulate local priorities, identify and align resources, engage stakeholders and promote solutions while supporting, promoting and disseminating information on government policy initiatives for the benefit of our local community.

Based on stakeholder feedback, RDASC has ascertained the four key infrastructure projects considered essential for our region to prosper:

- North Coast Rail Duplication
- Bruce Highway Upgrade
- Sunshine Coast Airport Expansion
- International Submarine Cable/High speed internet.

For more information on RDASC's position on key infrastructure projects visit www.rdasunshinecoast.org.au

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