

Problems with Investing in Roads

"Private investor funding of Australian toll roads is all but dead: the game is up. We thought the bankers and builders would cream off fees, but we never knew that the traffic forecasts were baloney. Funnily enough, when you read 'expert opinions' from consultants about how many cars will come down a road in the near future, you expect it to be correct. The final insult to a legion of mum-and-dad investors came a few days ago when RiverCity – a Brisbane toll road company – lobbed an appalling set of results. RiverCity followed Melbourne's EastLink, Sydney's Lane Cove and a long line of once-lauded 'infrastruct-ure projects' down the road to perdition."

"At RiverCity - the company behind the six-kilometre Clem7 Tunnel – there were \$1 billion in losses, surprise bonuses for senior management, and a debt problem that would have any banker losing sleep. But another factor finally seized much-needed attention ... grossly optimistic traffic projections. We've been here before. Melbourne's ConnectEast, the listed company behind the EastLink project, blazed a trail. The EastLink road that runs from Ringwood to Frankston opened in 2008 with a projection of 256,000 vehicles a month (after 15 months), but here we are long after that deadline and the average daily count is 178,000. ... IMF, the premier funder of class-action claims in Australia, is building a file. As the managing director of IMF, Hugh McLernon, explains: 'There is no exception in the law to false and misleading information'. Remarkably, legal action over traffic forecasts is unprecedented in Australian law courts ... but that may not be the case for much longer."

Ref: James Kirby, SMH, 23/2/10



"Let's ask him about our traffic forecasts."

Problems with the Grand Prix

"Plummeting revenue has contributed to a massive blow-out in the taxpayer cost of hosting Melbourne's grand prix. From a moderate Victorian government contribution of \$3.2 million in 1998/89 – the cost to taxpayers has skyrocketed 15-fold to \$49.3 million for this year's event. While crowd attendances at the event were slightly higher this year, up 5000 to 305,000 – sales revenue has continued to plummet. In 2006 the event attracted sales of \$35.6 million – this year it slid to \$24.5 million. During the same period, costs climbed from \$68.8 million to \$80.3 million."

"The massive cost to taxpayers has been savaged by independent state MP Craig Ingram, who labelled the cost 'embarrassing'. 'I think it is just outrageous, it has gone past a joke and it is time both sides of politics started to seriously reconsider the ongoing cost of taxpayers bailing out of this event. The cost of \$49 million for a car race when as a local member of parliament we struggle to get funding for health services, education, support services for disabled kids at schools, for roads and other infrastructure – I just think there is a whole range of services and other infrastructure which need that sort of money more than a car race'. He said when there was an urgent need for more funding for affordable housing, assistance for special-needs children and ambulance services 'and we're bailing out a millionaires' car race for these sort of dollars I think we have got our priorities wrong'."

Ref: Jason Dowling, The Age, 16/9/10

"Melbourne is scheduled to host the race for another five years. Peter Logan from the Save Albert Park group says the report proves the event is an economic and financial disaster for Victoria. 'Three years ago, the auditor-general found it does not produce the economic benefits the Government has claimed and he found no tourism benefit for Victoria', he said. 'This cost of \$49 million is just a huge cost on all Victorian taxpayers'. The report of the Grand Prix Corporation was one of 217 reports tabled in State Parliament."

Ref: Ryan Sheales, ABC Online, 16/9/10

"Save Albert Park President, Peter Goad, said: 'The event has produced a loss since the first race in 1996, and the total cost to Victorian taxpayers now totals around \$255 million. The Australian Grand

Prix Corporation's accounts show increasing costs, falling ticket sales and sponsorship revenue, and the trend lines show that over the next five years the event will lose a further \$365 million, bringing the total operating loss to over \$600 million'. The Auditor-General's 2007 cost-benefit analysis of the 2005 event (which was claimed to be a 'hallmark' Grand Prix in terms of attendance and sales revenue) showed that the economic benefit from the spending by out-of state visitors did not outweigh the operating loss of \$13.6 million, and that in fact, this event produced a net economic loss to the state of \$6.7 million. The Grand Prix Corporation's accounts show that ticket sales revenue fell from \$41.6 million in 2005 to \$24.6 in 2010. These figures suggest that far fewer out-of-state visitors attended the 2010 event and therefore visitor spending would be far lower. 'The Auditor-General's findings for the 2005 Grand Prix suggest that the 2010 event, with its operating loss of \$49m, probably produced a net economic loss of \$40-45 million. The State Government claims that the Grand Prix TV broadcasts and associated publicity brings additional tourists to Victoria. The Auditor-General could find no evidence to support this claim'."

Ref: Save Albert Park Media Release, 16/9/10

Problems with Young Drivers

"2.7 million Australian drivers (18.5%) have been involved in an accident in the last five years. The highest accident rate is amongst younger people, and especially 18-34 year old women; 24.3% of whom report having been in an accident while driving in the last 5 years. Looking at this group attitudinally, we observe some telling differences between those involved in accidents and those who remain bingle-free; the accident prone preferring cars that are cheap to buy and fun to own. 'Almost one out of every five Australian drivers has been involved in an accident over the past five years; with young female drivers having the highest incident rate. When looking at their attitudes toward driving, the accident-prone drivers in this group are more likely to want a car that is fun and affordable, handles like a race car and has high performance. Alarming, these drivers are also less likely to be concerned about safety than those who were not involved in an accident'."

Automotive Attitudes		
Female Drivers Aged 18-34 years	Not involved in an accident	Involved in an accident
I will only buy a car that is fun to own.	17.5%	21.5%
I would like a car that handles like a racing car.	15.1%	17.2%
I am interested in buying a high performance car.	11.6%	16.3%
I prefer a car that has lot's of sex appeal.	10.3%	14.3%

Ref: Roy Morgan Research, 15/9/10

www.roymorgan.com/news/press-releases/2010/1168

Road Jobs vs Rail Jobs

"More jobs would be created by reducing car use and encouraging a switch to rail travel, according to a new report. The findings, commissioned by pteg, the Campaign for Better Transport and Sustrans from researchers Ekosgen, show that 100 direct rail jobs support 140 'indirect and induced' jobs, while 100 direct motor industry jobs support only 48 other jobs. The conclusion is also supported by evidence from the United States that investing in public transport creates twice as many jobs than investing in roads. The report goes on to say: 'It is widely accepted that sustainable transport is at the heart of tackling congestion, in delivering important international commitments on climate change and bringing about the change to a low carbon economy. In addition this research firmly demonstrates that the sustainable transport sector also employs significant numbers of people (estimated at almost half a million jobs) which can make an important contribution to the economic recovery and growth.' Stephen Joseph, who is the director of the Campaign for Better Transport, said: 'This report clearly shows for the first time that sustainable transport industries are major employers and are in fact on some measures more important to the overall economy than the motor industry. Investment in sustainable transport can support the low carbon industries the Government says it wants to encourage. In deciding its spending priorities, the

Government must learn the lessons from other countries, where consistent long term investment in rail and bus has supported domestic manufacturing industries providing skilled jobs’.”

Ref: Rail News, 19/7/10

www.railnews.co.uk/news/general/2010/07/19-rail-creates-more-jobs-than.html

“A few years ago there was a report published, I think by the Environmental Transport Association. It said the real cost of motoring was that every car had about a £1000 subsidy per year if all the costs of highway construction and maintenance, police, rescue services, hospitals, disabilities, pollution were taken in to account. Whilst rail costs are fairly transparent, much of the road transport is funded by national and local authorities; taxpayers and ratepayers. When £billions is spent upgrading bridges to take heavier lorries, who pays for this? The haulage industry (and other road users), the tax/rate payer or the railway? When travelling for business, by road you can get a generous ‘mileage allowance’ that covers all your motoring costs and more! The bigger your car, the more you get. Business by rail - ticket refund only, no wonder most people drive! It is time that all business travellers get the same rate per mile what ever the means of transport.”

Ref: Chris Reynell, Rail News (UK), 19/7/10

Portarlington Ferry Evaluation (Part 1)

“Parks Victoria, on behalf of an inter agency committee, led a planning process during 2008/9 to develop a Master Plan for the redevelopment of the Portarlington Safe Harbour. ... The local community and stakeholders were extensively engaged throughout the planning process. The main issue for the community was the perceived need for a commuter ferry service from Portarlington to Melbourne. Accordingly, a Passenger Demand study for a ferry service from Portarlington to Station Pier Port Melbourne was commissioned to determine in particular the likelihood of use and willingness to pay for a service. Key findings are summarised as follows.

“The adult population of the Bellarine Peninsula is forecast to increase by 21% between 2006 and 2016, and 59% by 2031. This growth is likely to lead to increasing demand for travel around the region and to Melbourne. The long distance that needs to be covered by land to Melbourne may make fast ferry services across Port Phillip Bay to Port Melbourne a potentially viable alternative. This research seeks to estimate the current latent demand for such a service, with a particular focus on the commuter market that would underpin morning and evening demand.

“The growth in demand for commuter transport services from the Bellarine Peninsula to Melbourne, including any future ferry service, will be affected by the proportion of residents that is of working age, by the availability of employment and by the existence and capacity of alternative transport options, including private vehicle transport. This research has found that Bellarine residents are dissatisfied with current access to Melbourne at peak times, due to considerable pressure on the public transport services and to congested roads.

“Ipsos has conducted primary research with representative samples of Bellarine Peninsula residents, to assess likely demand for the proposed ferry service, in particular from commuters. Further research, with Victorian adults, was conducted to estimate potential visitor demand for the Melbourne to Portarlington ferry service. It needs to be understood that visitor demand is harder to estimate, because, putting aside issues of practicality, it is unlikely that the necessary high levels of awareness and salience of the ferry service could be achieved cost-effectively among Victorian adults, in order to harness this source of latent demand.

“The research has found that Bellarine residents take an estimated 28,200 trips to Melbourne each week. Of these, between 15,000 and 16,000 trips per week are taken for work or paid employment. This corresponds to approximately 3,000 trips taken to Melbourne by Bellarine residents for work or paid employment on a ‘normal’ July Tuesday in 2009. This estimate however is significantly higher than the adjusted 2,400 estimate based on the Australian Bureau of Statistics (2006).

{Continued in #174}

Ref: Portarlington to Melbourne Ferry Service,

Parks Victoria, DoT, DPCD, Tourism Victoria and City of Greater Geelong, June 2010

http://www.parkweb.vic.gov.au/resources/mresources/port-arlington/Portarlington_Ferry_Report_June2010.pdf

Comment

Back in 2005, puzzled as to why Victoria was not utilising ferries on Port Phillip Bay for commuters, tourism, incidental travel, and freight, I proposed an investigation into ferry services. I therefore welcome this 2010 report while make the following observations:

- The community has perceived a need for a commuter ferry service.
- The study only looks at the Bellarine Peninsula to Port Melbourne corridor rather than demand for other places around the bay.
- Such a ferry service would not compete with, but rather complement, the existing modes of public transport (along with taxis, carshare, cycling and walking). My research indicates that ferries would provide a much desired alternative transit mode but would also add passengers to the existing public transport network.

Stephen Ingrouille, 17/9/10

Fixing Public Transport (Part 4)

"Improving access to and usage of public transport in our urban centres is good as far as it goes, but there ... is the need for greatly improved rural and regional access to public transport. Living in a rural area 25km north of Noosa ... we do however have one slightly useful and until recently unique form of public transport, a subsidised flexi-link \$2 taxi service between Boreen Point and Tewantin."

"This has now been extended to other parts of the Sunshine Coast, including the hinterland around Maleny. However, I am aware of the existence in parts of Scotland of a more flexible, on demand flexi-link taxi/bus service, which has operated in Fife since 2004. This is a viable and more affordable extension of existing services, both in suburban and rural areas, which should be much more widely promoted and used in Australia."

Ref: Paul Bird, Comments, National Interest, ABC Radio National, 30/4/10

www.abc.net.au/rn/nationalinterest/stories/2010/2887416.htm

How Do We Move Forward? (Part 3)

"Many would argue that the most effective way of instigating modal shift is to discourage car use by removing some of the positive feelings associated with driving. It is my personal preference for encouragement over discouragement (carrot and stick). The primary focus should be on encouraging people to use alternative modes, as opposed to discouraging them from using the car. So with that view in mind, the owners, designers and operators of alternative modes (whether that be trains and buses, or walking and cycling facilities) need to look to match (or better) some or all of the positive feelings (or benefits) associated with driving. Of course it would be impossible for one alternative mode to incorporate all the benefits associated with private car use, because some of those benefits are unique to driving a car, i.e. autonomy and personal space. However, different people travel for different purposes, requiring different attributes in a journey. For example, price is important to holiday makers, whereas convenience is important to commuters."



"Finally, perhaps the most important thing to consider is political will. Without the political will, most of the above ideas are non-starters. The main issue is that in our democracy the public know what they want, but not necessarily what is good for them (at least in the long run). As a consequence they seek quick-fix solutions from politicians, who are quite happy to provide them provided that they get their vote. The answer (without making radical changes to the current political structure) lies in making incremental, but purposeful changes to the transport system towards a long term, sustainable goal. I don't believe there are any all-encompassing, singular, earth shattering solutions to the sustainability problem. I think that all the solutions we need we already have. A mixture of measures will be required to ensure an adequate degree public acceptability, whilst ensuring the necessary targets are met for road safety, congestion, economic efficiency and social disturbance. And if politicians act decisively and bravely, they will."

Ref: James Bailey, Sustainable Transport - How Do We Move Forward? 7/1/10 Full article:

<http://stilwellpartnership.wordpress.com/2010/01/07/sustainable-transport/>

"Interesting article, but I believe its time we did something radical. We should get rid of Road Tax and put it all on petrol. Included in the levy should be automatic 3rd Party insurance (you would pay for

comprehensive). This way, no need for road pricing, those who use the most pay the most. It would discourage use, encourage more efficient cars, cut CO2 and remove non-insured driving. Invest the income on improved public transport. Job done!"

Ref: Nick Stillwell, Comments, 7/1/10

"I agree that something radical needs to be done and certainly consolidating road tax and 3rd party insurance may help to simplify things for the driver (practicality issues aside). However, I still think that something regulatory needs to be done to prevent certain people from driving, or driving as much, rather than relying on the market and economic solutions to sort the problem out."

Ref: James Bailey, Comments, 7/1/10

"Interesting idea - but it will be a very brave politician who introduces the £5/£10 (?) litre of petrol. Will people steal cars for the petrol rather than the car? Will the cost of petrol exceed the price of gold?"

Ref: Wendy Davis, Comments, 7/1/10

Feedback

"I like your newsletter. It's well researched and informative. All the ideas are great. Makes me wonder why some of those can't be implemented in Australian Cities. I am a frequent user of Public Transport because I don't drive due to road congestion and not being able to afford a car.

"The Victorian Transport Plan is missing a lot of things. It seems that a lot of the \$38 Billion is being spent on new freeways which we don't need and will only make traffic congestion worse. Although the Melbourne Metro is a good idea, I don't understand why that idea can't be expanded on to include other parts of Melbourne as well. It only mentions one tram extension (Footscray Road). I believe the tram network has potential to be extended beyond its current structure. Some tram lines that serve suburban areas are a good idea too, but have sadly been overlooked by the plan.

Bus services are being increased to serve Manningham. I don't believe buses are meant for long distance journeys. Doncaster needs a railway line and I don't understand why this has been overlooked. An extension of the #48 tram wouldn't go astray either. Railways to other places like Rowville, Aurora Estate, Melbourne Airport and Chadstone would be a good idea too. New stations at Southland (Frankston Line), Campbellfield (Upfield Line), Delahey (Sydenham Line), Calder Park/Hillside and Jacksons Hill (Sunbury Electrification)."

William McGroarty, 2/9/10

How Deadly is Diesel? (Part 2)

"The power of the car-manufacturer lobby can be attested to by the Centre for Science and Environment (CSE) which is leading the campaign against diesel engines. CSE found itself slapped, earlier this year, with a \$25 million legal notice by TELCO, the country's leading manufacturer. But seeing the way the wind was blowing, TELCO's highly-paid lawyers quickly dropped proceedings. The case resulted in a rally of support for the CSE campaign with leading lawyers offering to defend the NGO free of cost. While TELCO lawyers rhetorically said that the company stood committed to 'the larger issues of environmental pollution', there is no sign that it has any intention of cutting down production voluntarily.

"If anything, leading names in the automobile industry are either planning to cash in on the demand for diesel vehicles or are already making and selling them in India. They include Mercedes-Benz, Fiat, Peugeot, General Motors, Ford, Toyota, Hyundai and Mitsubishi. Ironically, one of the reasons for the liberalisation of the automobile industry in India was to facilitate the introduction of cleaner technology to replace a fleet of cars designed in the fifties and sixties. But seeing the huge popularity of diesel engines, and lax emission norms, trans-nationals began offering diesel versions on nearly every petrol-engined model they were releasing in the market in spite of the known dangers. 'The smaller and deadlier of SPM which are 10 microns or under, called PM10, cause severe lung damage and governments around the world are waking up to this fact', noted Dr Aggarwal who runs the Heart Care Foundation of India, an NGO. According to the World Health Organization, SPM is the most serious air pollutant on a worldwide basis and kills 460,000 people each year.

"One state government in the U.S. has woken up to the dangers of diesel engines. Last October, environmental regulators in California voted to raise pollution standards for diesels to that applicable for petrol engines by 2004 virtually banning diesel vehicles from that year in the state. But as world opinion

builds up against diesel engines, manufacturers are focusing on the rapidly expanding automobile market in India where emission norms are loosely enforced and diesel is subsidised to help farmers run tractors, pumps and agricultural equipment. According to Sunita Narain of the CSE, which made a close study of the market, automobile trans-nationals are flooding the market with diesel-powered cars in spite of scientific evidence in their parent countries against the technology. Narain argues that since ambient SPM levels are already very high in Delhi and other Indian cities, selling diesel cars here is worse than selling it in places like California. 'In fact, a top executive for Mercedes-Benz acknowledged the poor air quality in Indian cities and even told us [CSE] that the exhaust from Mercedes-Benz cars is cleaner than the surrounding air', she said.

"What the CSE finds most objectionable is that expensive models made by Mercedes-Benz run on diesel which is less than half the price of petrol in India thanks to cross-subsidies meant to protect the country's food security. 'Here the blame rests on the government's warped fuel pricing policies which encourage trans-nationals to continue introducing diesel models into this country', Narain said. The government is also responsible for the particularly poor quality of diesel that is available in the market and which would defy any attempt by manufacturers to improve emission, she said.

"Government reluctance to crack down on diesel-powered cars manufacturers comes at a time when India's Supreme Court has ordered buses plying in Delhi to begin switching over from diesel to compressed natural gas (CNG). The Supreme Court has also ordered all new petrol and diesel passenger cars vehicles to conform to 'Euro II' norms in Delhi by April 2000. But that, say the doctors and environmental groups, is not good enough, because the extraordinarily high levels of SPM in the city air demand a complete ban on diesel engines. Only then will Indians be able to breathe easier."

Ref: Ranjit Dev Raj, Asia Times, 17/7/99

"The deadly effects of breathing diesel fumes came into sharp focus this week when the Clean Air Task Force (CATF) released a report estimating that diesel fumes kill about 21,000 U.S. citizens each year. Furthermore, diesel fumes cause 27,000 nonfatal heart attacks and 410,000 asthma attacks in U.S. adults each year, plus roughly 12,000 cases of chronic bronchitis, 15,000 hospital admissions, 2.4 million lost-work days, and 14 million restricted activity days. And that is almost certainly not the worst of it." {Cont. in #174}

Ref: Rachel's Environment & Health News, Health and Energy, 24/2/05

http://healthandenergy.com/deadly_diesel_fumes.htm

And Also ...

"The Transport Ticketing Authority has reported spending more than \$3 million on consultants, to advise on the botched introduction of the myki ticketing system."

Ref: Ryan Sheales, ABC Online, 16/9/10

Problems with Tar Sands (Part 2)

"I'm John Podesta, President and CEO of the Centre for American Progress. ... If the 'greening' in the title of this morning's program was conjured up to evoke a garden party in the oil sands, I'll try not to play the part of the skunk. And I'll also make a promise to Ambassador Doer here at the outset not to be 'holier than thou'. While the presentations this morning made clear that the combination of policy & technology can reduce the negative environmental consequences of exploiting this resource, I'm sceptical about a 'green' vision for tar sands, and I want to level with you about how I see the future of energy policy playing out.

"Of course, energy, as a policy issue, is massively complex. I'll begin with a quote from one of America's most well-known environmentalists: John Muir, who founded the Sierra Club almost 120 years ago. He said, simply but quite rightly: When we try to pick out anything by itself, we find it hitched up to everything else in the universe. When we look at energy – and when we look at oil, whether it be produced from deepwater wells in the Gulf of Mexico, tar sands, or conventional reserves – that observation couldn't ring more true. From economics to geopolitics, from climate change to national security, the way we produce and use energy has enormous influence over all aspects of our lives. For some, like those who work on oil rigs – or for those who own them – this influence is manifested directly

through the way they earn their livelihoods. But for most of us, it is less direct, although no less fundamental to our families' well-beings or our collective future.

"At this moment, the United States, Canada, and the rest of the world all face an energy challenge unprecedented in its urgency, its stakes, its scope, and its opportunity. In 2010, atmospheric carbon dioxide levels will reach their highest concentration in at least a million years. This is because for the past 200 of them, human beings have relied almost exclusively on high-carbon fossil fuels like coal and oil to power economic growth, raise living standards, and increase mobility. But now, a decade into the 21st century, maintaining the status quo is no longer a possibility: How we choose to produce and consume energy today will change the world for either good or for ill for coming generations.

"This is a truth I think is important to emphasize. We are at a turning point in our history – we transition to cleaner sources of energy, and our children and grandchildren reap all the benefits that accompany that transition; or we continue to rely on 19th century forms of energy, even if it's produced with 21st century technology, and create a world with an unpredictably altered climate, dwindling or difficult-to-reach energy resources, and exacerbated geopolitical instability. As I've said, up until now the strength of our economies and the well-being of our citizens have been built upon burning fossil fuels. But as remarkable and important as that progress has been, the use of these fuels to drive it has incurred great costs. Then and now, those costs include environmental degradation, negative public health effects, and, for oil-importing countries, national security risks.

"The Deepwater Horizon disaster has incurred all of these costs on Americans – it has devastated the gulf and its coastlines' delicate ecosystems, shattered the region's economy, sickened workers that have been exposed to chemicals, and demanded enormous amounts of our government's attention and resources, which are not, after all, in infinite supply. It is one in a long line of wake-up calls, and we ignore it at our peril.

"Today, there is almost unanimous agreement that we can add another cost to dependence on high-carbon fuels. And this one is beyond our ability to calculate. Over the past decade, the world's leading scientists have proven beyond a doubt that burning fossil fuels are causing changes in the earth's climate that will be catastrophic if urgent action is not undertaken. The world's CO2 emissions trajectory – even during global recession – tracks the worst of seven scenarios set out in 2001 by the U.N.'s Intergovernmental Panel on Climate Change. Continuing on this trajectory will raise global temperatures between 4 and 12 degrees Fahrenheit by the end of the century."

{Continued in #174}

Ref: John Podesta, Climate Progress, 23/6/10

<http://climateprogress.org/2010/06/23/podesta-green-tar-sands/>

"The Catholic bishop whose diocese extends over the [Canadian] tar sands has posted a scathing pastoral letter. The letter by Bishop Luc Bouchard concludes, 'even great financial gain does not justify serious harm to the environment', and 'the present pace and scale of development in the Athabasca oil sands cannot be morally justified'."

Ref: Climate Progress, 30/1/09

<http://climateprogress.org/2009/01/30/canadian-bishop-challenges-the-moral-legitimacy-of-tar-sands-production/>

"Our wasteful consumerist lifestyle, combined with political and industrial short-sightedness and neglect, are damaging our air, land, and water. Personal, social, and political change will be necessary to meet this national challenge."

Ref: Bishop Luc Bouchard, 25/1/09

[The Integrity of Creation and the Athabasca Oil Sands](#)