Submission Cover Sheet

Inquiry into the Fiscal Sustainability of the ACT

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Submission to the Select Committee on the Fiscal Sustainability of the ACT

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The financial activities of the ACT government call to mind those of immature students who have been trusted with the parent's credit card to lead a sober and healthy life but have broken the trust vested in them by wasting money on unnecessary, badly researched and executed projects. In our case, Canberra is turned into a city of festivals and fun for those who can afford the time and money, at the neglect of adequate finance for health, housing, education, the police force, rehabilitation of prisoners and drug addicts as well as preparing the city for the extreme weather events of climate change.

John Stanhope and Khalid Ahmed in a professional and detailed manner have examined the downward trend to an unprecedented level of debt of the ACT in articles published in the Canberra CityNews, and very little needs to be added. In their last article Calling on Mr Micawber to fix Barr's budget vanity | Canberra CityNews they succinctly state the main causes of Canberra's financial downturn.

- *More than a thousand public housing units were sold with the proceeds directed to a tram fund, and according to the latest Productivity Commission report, public housing stock is still lower than when the tram project began, despite the significant increase in population;*
- *Planned hospital investment was delayed repeatedly with capital funds redirected to the capital contribution for the tram project, and rather than expanding the bed capacity in hospitals, beds were closed – again concurrent with the commencement of the tram project;*
- *Commensurate with hospital bed closures, recurrent funding for health was cut in real terms with the clear consequence of patient wait times dropping from better than average to the worst in the country;*
- *Aboriginal incarceration rates skyrocketed while Mr Rattenbury was the attorney-general, and the Territory reached the highest level of Aboriginal incarceration not just in Australia, but possibly in the world;*
- *The government called-in a loan and withdrew the finance facility for Community Housing Canberra, stripped it of its assets, and cancelled its MOU for access to land*

supply, while, can you believe it, a Greens minister held the housing services portfolio; and

- *With the slashing of public and community housing over the period of the coalition government, the ACT has become the rental stress capital of Australia as well as the homelessness capital.*

It is no secret that what Stanhope and Ahmed refer to as the "tram project" is largely the cause of the enormous debt placed on the shoulders of Canberra's population today and that of the future. Unfortunately, it is not merely a matter of repaying the accumulated debt, there is also the increasing cost in the future.

The "tram project" (LR) is operated and largely financed through a Public Private Partnership (PPP) consisting of a group of foreign-owned companies known as the Canberra Metro Consortium, with additional funds from the ACT government and Commonwealth grants. The details of the profit margin of the Consortium are not known, but it is doubtful that the agreement would exist if profit were not substantial. Not just the cost of operation of the LR, but also the repayment of the loan plus interest will increase as new sections of LR start operating. The ACT government says it is unable to calculate the additional funds required to pay for the extension to Woden, but with the addition of tunnels etc., it is estimated to be above $5 billion. With the help of the Consortium, it might be possible to raise the funds, but who will pay them back?

The LR is considered a solid investment as mass people-mover, something – it is claimed - buses cannot achieve. However, with climate change, the reality will be different. Passenger numbers are determined by the size of the area from which people can conveniently and within their physical capacity reach a LR stop from their home on departure and on arrival at their destination. This area decreases as temperatures rise. The attempt to increase the population of these areas has led to high-density, high-rise buildings around LR stations which due to the urban heat island effect are turning into heat sinks. When the rest of Canberra suffers from 40 degrees, people walking between concrete buildings with air conditioners either side blasting out hot air, are likely to be subjected to 50 or more degrees, temperatures injurious to health. Those passengers who need to change transport to reach a LR stop will even be more affected.

Home office use will increase, but those who must commute to their place of work will need direct transport from their front door by taxi or bus which can enter the air-conditioned parking areas of large office buildings and shopping centres to drop their passengers. Air-conditioned corridors to other buildings will extend the area within reach while protected from the heat. Such arrangements are already in use in other parts of the world, however, generally to protect people from extreme winter temperatures. Not only rising summer temperatures will much limit the number of people who can safely use the LR, but also other extreme weather events such as storms, heavy rain and hail with flash flooding will do so during the rest of the year.

The LR will no longer be the reliable transport system it was hoped to be. The overhead wires will be brought down by storms as it has been happening in Melbourne during the last couple of years, and the rails will buckle. The LR rails will not buckle as easily as the older variety of the railway, but when even the EIS of the LR composed by a company with a large financial interest in the completion of the line to Woden warns that this will happen in future, then this warning should not be ignored. The trees planted along the line will break during storms and block the rails as will other objects and flooding and electricity outages will bring the system to a standstill. Buses can take different routes and avoid blockages or flooded areas and charge their batteries in different parts of town. Moreover, they are invaluable for evacuating people and their belongings in an emergency. BUS ONLY lanes throughout Canberra could be cleared in seconds by advising bus drivers in the affected areas to make room for emergency vehicles, while space for tram tracks have resulted in one lane each way sections which will take time to clear.

The Liberals have understood some years ago, that the LR was not only unaffordable for Canberra, but also totally unsuitable for a city embedded among hills with centres separated by forests. It is time now that the Greens understand that the LR is no longer "green" transport. With increasingly frequent extreme weather events where people can no longer walk to the stations of a fixed line, the high financial cost plus the cost of ecological destruction by creating large amounts of CO2 and felling irreplaceable old trees can no longer be justified. The uniqueness of Canberra's green parliamentary triangle will be destroyed while the cost of the LR extension will increase the speed of the ACT's financial downward spiral.

The Labor government is brazenly spending millions of dollars building the Wooden final stop and on contracts to plan the so-called Southern Gateway project, at a time when many approvals are still outstanding. No doubt they do this in the hope that these monies the city can ill afford to spend, will make it impossible to stop the project.

With climate change there is no future for the light rail, and it will never become the network once envisaged for Canberra. The question is simply whether the constant payments to prepare the line to Woden are stopped now to permit the process of financial recovery to begin, or whether borrowing will surge with rising interest payments for a transport system increasingly useless as climate change progresses. All at a time when the funds are urgently needed for medical care, hungry families and the creation of accommodation that will remain liveable with the rising temperatures and extreme weather events of climate change.