



**PAUL FLETCHER MP
MEMBER FOR BRADFIELD
MINISTER FOR URBAN INFRASTRUCTURE
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TRANSCRIPT – SKY NEWS LIVE, THE MORNING SHIFT WITH SAMANTHA MAIDEN & TOM CONNELL

Topics: Driverless cars, infrastructure spending in the Budget.

TOM CONNELL:

Meanwhile, one million driverless cars will be on Australian roads by 2035, and people could access the vehicles under a subscription service. This is according to a report from motoring body, NRMA. The six month study into Australia's driverless future says car ownership would drop substantially as people would lease vehicles on a subscription basis, and drivers licenses, well, they would become redundant as well.

Joining me live now is Urban Infrastructure Minister, Paul Fletcher, for a bit more on this. Thanks for your time today, Minister.

PAUL FLETCHER:

Pleasure.

TOM CONNELL:

Beneficiaries are spoken about as the young, the elderly, the disabled – I guess pub-goers as well, I might put out there. But what about the future of anyone driving a vehicle as a job? Because it's a huge employer, isn't it?

PAUL FLETCHER:

Well, clearly one of the issues here is employment implications. But I suppose the point I'd make is there's a lot of divergent projections about what driverless vehicles will mean, as well as when they're going to arrive. It's pretty certain they're going to arrive, but whether they're the majority of vehicles on the road by any given point there are quite divergent views, and then what the implications are. So some people say it'll mean more capacity on our roads, because the curb side lanes that are today used for parking will become available to drive in. On some estimates, about 30 per cent of vehicles in the CBD are circling, looking for a park, so that's all pressure you take off the system. But other people make the point – and the NRMA report makes this point as well – that typically cars today are used

only a very small percentage of the time, maybe one hour a day. Rest of the time, they're sitting in a garage or parked somewhere. What is very likely is that when driverless cars become common, they will be used more intensely, many hours a day. And it certainly will mean that people who today aren't able to use a car would be able to – or a vehicle – will be able to drive around. So children going to school, but also things like will people be sending a driverless car to the drycleaner to pick up their dry cleaning? So there could be uses for vehicles which we don't- which are not [indistinct].

TOM CONNELL:

[Talks over] Absolutely, a lot of benefits you mention there. But what do you say to someone driving a cab right now? Look, be careful of your future?

PAUL FLETCHER:

Look, I think I'd say a few things. First of all, there are different projections as to the rate of which this occurs. I think I'd say that the NRMA report has quite a strong view as to how quickly we'll see a take-up of driverless vehicles. So, the first thing that has to happen is that we need to get vehicles that are at what the Society of Automotive Engineers calls level five. So, level zero is no assistance whatsoever. Level one is things like cruise control, which is pretty common today. There are already vehicles on the road which have pretty sophisticated lane assist, lane keeping, or reverse parking – so you just press a button ...

TOM CONNELL:

[Talks over] Yeah, all that stuff there. But I guess we're getting at is....

PAUL FLETCHER:

But my point is that you need to get up to really level five, which is the vehicle is capable of being controlled the whole time and there is no need for the driver ever to resume control. In fact, as the NRMA report points out, you don't even have a driver...

TOM CONNELL:

Yeah, which would take a while. I guess, the point I'm asking though: do you need some government level [audio skips] to think about- well, it is a huge employer for all sorts of transport and have something in mind. Is that something you'd turn your mind to?

PAUL FLETCHER:

[Talks over] Look, there's a whole level of- a whole range of implications for government. So the Transport and Infrastructure Council, which is the state and federal transport ministers, are overseeing a piece of work being done by the National Transport Commission – the NTC – which is stepping out an agenda here. So things like the laws to do with insurance, how do those need to change? But there's also a very important issue for Australia, is how do we make sure we're on the production side of this industry, as well as just the consumption side. And there are some real points of light here. This company called Cota Wireless in South Australia who produced components that are being used in a number of early stage driverless vehicles. And there's a number of other centres of expertise in Australia. So...

TOM CONNELL:

[Talks over] Assuming we don't make cars anymore.

PAUL FLETCHER:

Well, but here's the point, that the economics of making big boxes of metal may not be something that Australia can succeed at. But providing software is very different, and if we've got the expertise there, there may well be opportunities for us as a nation. So Arthur Sinodinos is Minister for Industry and Innovation; within his portfolio, there's certainly some work going on there, including some money into a cooperative research centre on the [indistinct].

TOM CONNELL:

[Talks over] Alright, see where that goes. I want to look into a few things in the Budget on infrastructure. The funding model for the Western Sydney Airport says that it basically needs to make a profit now. Wouldn't it make a profit earlier with the rail link that's being pushed out?

PAUL FLETCHER:

So there are, as you rightly say, in the Budget we committed \$5.3 billion of equity to a government-owned company that would build and own the airport. And just this week, the company was incorporated. Four directors announced the chair would be Paul O'Sullivan, who's the chair of Optus – former chief executive, he's on a number of other boards – and we've got three other directors with serious corporate experience, including serious airport and aviation experience. Now, on the question of rail, there is a lot of work underway between the New South Wales and the Commonwealth Governments. There's a joint scoping study underway, which is looking at what would the right route be, how much would it cost, how should that be funded, and when should it be built?

TOM CONNELL:

So it could be earlier than projected at the moment?

PAUL FLETCHER:

Well that report- that scoping study will report to the two governments reasonably soon, and we'll have more to say about that.

TOM CONNELL:

And more broadly on this equity approach that you're taking to infrastructure, is it going to mean more tolls and fewer rail links? Because you don't make money from a rail link, do you? You make money from a toll road.

PAUL FLETCHER:

Well, if you look at where we are using an equity approach – for example, Western Sydney Airport and airports as we know from the privately owned and operated Sydney Airport, Brisbane Airport, in fact, all of Australia's major airports – these are very viable private businesses. If you look at, for example, the Moorebank Intermodal Terminal, where the Commonwealth is putting in equity. Again, these are businesses with a significant revenue stream, proven business models. Australian Rail Track

Corporation charges fees to train operators to use the rail. Of course, there's an \$8.4 million injection of equity into ARTC for Inland Rail in this Budget. So...

TOM CONNELL:

[Interrupts] But the urban rail might be the issue – and just further to that point on the equity model – because if you look at infrastructure spending, \$7.6 billion to \$8 billion, to six, to five, to 4.2. It's a big drop.

PAUL FLETCHER:

No. Let's be clear, infrastructure spending is going up. There's a record amount being spent this year. The Shadow Minister likes to use misleading figures which just assume away: 5.3 billion of equity committed to Western Sydney Airport, 8.4 billion of equity committed to ARTC ...

TOM CONNELL:

[Interrupts] That's because it's not a spend in terms of what comes out ...

PAUL FLETCHER:

[Interrupts] It is a spend. This is- let's be clear, this is dollars ...

TOM CONNELL:

[Talks over] It's money but you're expecting to get it back.

PAUL FLETCHER:

This is dollars going into the economy to build infrastructure assets. So, when you look at what is the Commonwealth Government, what is the Turnbull Government, spending on infrastructure: we're spending at record amounts. We are spending very substantial amounts of grant funding going to state governments for a whole range of projects – WestConnex, Tullamarine Freeway, Second Range Crossing in Toowoomba – all around Australia. The \$2.3 billion package we announced with the West Australian ...

TOM CONNELL:

[Interrupts] Okay. Well, we're nearly out of time. But just to go to that point again, because won't it mean urban rail by definition won't miss out? Urban rail doesn't make money, does it?

PAUL FLETCHER:

Look, there's always going to need to be grant funding as a component of funding urban rail. That's why we announced that we will spend \$10 billion over the next 10 years on urban rail, within our big cities and surrounding regional areas. So, that was a major commitment in this Budget. There's always going to be a mix of grant funding and other forms of funding like equity and loans. We're determined to use all means of funding and financing because we've got a big infrastructure challenge and if we get it right then the benefits - in terms of productivity and liveability – in our cities and around the country are enormous.

TOM CONNELL:

Alright, it's a big and complicated area. So, I'm sure we'll chat again down the track. Thank you, Paul Fletcher, for that.

PAUL FLETCHER:

Thanks very much. Thanks for your time.

- Ends -