

Re National Competition Policy Review draft recommendation on an independent national review of the passenger transport sector.

As a research institute with decades of experience in urban and regional economics, we are puzzled that this draft recommendation, and the discussion with which it is introduced, makes no reference to the close complementarity between transport and land use. A review which confines itself to the one without the other will be fated to make recommendations which are only partially-efficient. This is serious, since both transport and land-use investments are long-lived, and the inefficiencies which result when they are not assessed jointly can last for decades.

For more detailed discussion of these complementarities, please see our *State of the Regions* reports, published by the Australian Local Government Association, particularly this year's report. We also recommend the *City of Cities* study by the Warren Centre at the University of Sydney as an excellent example of joint transport and land use investment proposals with potential for far greater efficiency than transport investment planned in catch-up mode.

If this threatens to broaden the scope of the proposed review, may we suggest that the review should be limited to passenger transport and land use in the major metropolitan areas, defined to include contiguous areas with significant commuting. It will be noted that public transport and walking are both significant competitors with motor vehicles for passenger transport in these regions, and that their competitive position is strongly influenced by patterns of land development. Beyond these regions, though the complementarity between transport and patterns of regional development remains, air transport is the main competitor for the motor vehicle, and the policy questions are rather different.