



Bus Industry Confederation
NATIONAL SECRETARIAT
Suite 6/6 Lonsdale St
Braddon ACT 2612
Telephone: + 612 6247 5990
Facsimilie: + 612 6230 6898
www.bic.asn.au

Inquiry into Australia's Future Oil Supply and Alternative Transport Fuels

Submission from:

The Bus Industry Confederation

The Bus Industry Confederation is the peak organisation representing the interests of the bus and coach industry in Australia. Its more than 3000 members encompass bus operators, manufacturers and suppliers, and many other associated businesses. BIC's members carry more than one billion passengers annually in Australia and employ over 30,000 people.

Information about the Inquiry

Terms of Reference

Referred 29 November 2005 for inquiry and report by 15 June 2006

Australia's future oil supply and alternative transport fuels, with particular reference to:

- projections of oil production and demand in Australia and globally and the implications for availability and pricing of transport fuels in Australia;
- potential of new sources of oil and alternative transport fuels to meet a significant share of Australia's fuel demands, taking into account technological developments and environmental and economic costs;
- flow-on economic and social impacts in Australia from continuing rises in the price of transport fuel and potential reductions in oil supply; and
- options for reducing Australia's transport fuel demands.

Written submissions are invited and should be addressed to:

**The Secretary
Senate Rural and Regional Affairs and Transport
Parliament House
Canberra ACT 2600**

Submissions electronically as an attached document

email: rrat.sen@aph.gov.au

The closing date for receipt of submissions is 24 February 2006.

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About The Bus Industry Confederation

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BIC is recognised as a leading proponent of growth in travel by public transport. BIC believes this is an effective way to reduce the economic, social and environmental costs associated with excessive use of the private car for personal and business travel.

Organisational Structure

The BIC National Council is responsible for determining the direction of the association and dictates actions it deems necessary for BIC to undertake to achieve its ultimate goals.

The Council membership is comprised as follows:

- Bus and Coach Association NSW *2 members*
- Bus Association Victoria *2 members*
- Other State/Territory Associations *1 member each*
- Chassis Suppliers & Manufacturers Group *2 members*
- Body Manufacturers Group *2 members*
- Associated Service Providers Group *1 member*
- Urban Bus Operators Group *1 member*
- Unions *1 member*

The Council is nominated at the Annual General Meeting, as are the positions of Chairman and Vice-Chairman. The Council also has the power to co-opt other persons to be a member of the Council though co-opted members do not have an entitlement to vote at a Council meeting.

The BIC Council, membership for 2006 is as follows:

Chairman	Stephen Lucas (VIC)
Vice-Chairman	Geoff Grenda (Volkswagen)
NSW	Peter Threlkeld Peter Jones Frank D'Apuzzo
VIC	Doug Kefferd Scott Grenda
SA	Roger Quinsey
WA	Michael Baulch
QLD	Wayne Patch
TAS	Shane Dewsbury
Urban Operators Group	Jonathan Cook (Australian Transit Enterprises)
Chassis Suppliers & Man	Chris Meehan (Daimler-Chrysler) Trevor O' Brien (Scania Australia) David Mead (Volvo)

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Body Manufacturers	Mark Burgess (Custom Coaches) Geoff Grenda (Volgren Australia) Paul Hoffman (Express Coach Builders)
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What BIC does

- Promotes and helps development of a viable and improved bus and coach industry in Australia
- Encourages and facilitates co-operation between members and among members and the general public
- Fosters public understanding of the contribution made by the bus and coach industry to Australia's economy, society and the environment
- Encourages high standards of conduct and service by its members
- Promotes and supports industry related research and development
- Promotes the use of public transport as a proper and viable alternative to the motor car
- Promotes policies and actions that are environmentally responsible
- Encourages investment in public transport infrastructure
- Fosters and promotes a viable Australian bus manufacturing industry
- Undertakes other activities to assist its members in fulfilling their mandates

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Executive Summary

The fact that Fossil Fuels are a finite resource is undisputable. A pertinent issue for all Australians is how are we going to cope with this eventuality in both the short and long terms? Part of the BIC's mandate is to attempt to foster a 'public transport culture', by lobbying the commonwealth government to help develop policies to increase the viability and importantly the use of public transport as a means to ease the economic and social pressures brought on by problems such as dwindling fuel resources, congestion, pollution, road accidents and sustainability. The purpose of our submission is to concentrate not on the first two 'terms of reference of this enquiry', which are firstly, oil production and demand and secondly, new sources of oil and alternative fuels. Our purpose is to address sections c & d, namely economic and social impacts arising from price rises and supply reductions for oil and most importantly options for reducing Australia's transport fuel demands, and what ideas and input BIC can bring forth for consideration.

BIC contends that:

- Rising fuel costs have a distinct social effect on members of the community already struggling to maintain a private car and that these peoples mobility needs will have to be dealt with should costs become insurmountable.
- Community transport is a vital section of public transport requirements and rising costs may mean that services to needy sections of the community may suffer if funding and strategies are not brought into line with these rising costs.
- Car usage dominates the way the average Australian moves and this ethos needs to be re examined with regards to future sustainable transit system development.
- Public Transport, particularly bus and coach are the most efficient way to move people purely in terms of fuel consumption and reducible greenhouse emissions and are therefore in a unique position to aide nation wide reductions. Even very small improvements in PT patronage will reap massive rewards in reduced consumption and emissions.
- The bus & Coach industry is best able to reduce external costs resulting from excessive car use, in particular in the realms of congestion, road accidents, air pollution, climate change, noise and road expenditure.
- Rising fuel costs inadvertently drive people to consider higher usage of PT as a necessity so perhaps we need to take this into account and prepare for the inevitability that the bus & coach industry and the federal government must work together to take advantage of the opportunity to embrace the positive outcomes this situation creates.
- Australian cities face major sustainability issues if solutions to rising fuel costs are not met and dealt with, and that there are three key understandings that need to drive government policy in these areas.
- Government Policy reform needs to be directed toward the areas of quality service, planning & pricing so that PT operators can realize long term goals in mass transit solutions
- All levels of government have a vested interest in taking a pro active role in this development, because the cost of not doing so is enormous and that current arrangements are inadequate.
- BIC has a range of key proposals that identify and highlight issues that need addressing within current PT policy
- There are some fundamental proposed actions that the BIC recommend the Commonwealth examine in relation to the promotion of a sustainable mass transit systems and the way these ideas contribute to the lessening of Australia's transport fuel demands.

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Social Impacts

When the prices of transport fuel rise in the Australian domestic market it has an immediate repercussion within the community. The first place this becomes noticeable is when examining the costs of running a car, which is by far the most used form of transport with 87% of all passenger transport trips made by car. Petrol prices have recently edged over the \$1.40 per litre mark which is causing the cost of owning and operating a vehicle to soar to what may well be unmanageable heights for some members of the community. Seeing as the glaringly obvious solution is a reduction in fuel costs, which is highly unlikely, alternatives need to be found. One proven part of the solution is an increase in the patronage of public transport, as this provides not only a more cost effective way to maintain people's mobility but is also part of the solution to congestion and pollution.

These rising costs are not only an economic challenge for the average Australian family, singles or couples for that matter, but contribute to greater strain on the community's social fabric. It is not only probable but likely that these escalating costs will further marginalize people who may already have difficulty meeting the costs of running a car as a primary form of transport, or those who do not have access to a car. These pressures lead to a greater sense of social isolation and exclusion to members of the society for whom the cost of owning and running a private car is either too expensive or unachievable which in turn limits access to employment, education, services, social and recreational activities.

The role of Community Transport & the effects of rising fuel costs on it

Community transport is a growing sector servicing a large number of community needs such as the distribution of food to the elderly, taking the disabled to education, shopping, medical and other destinations. With an ageing population and rising costs, this service sector is likely to be increasingly demanded. It is increasingly being considered as a form of public transport in its own right. Community Transport operators provide services using buses, minibuses, and cars, all of which will feel the pressures of increased fuel costs

Home and Community Care (HACC) is one major initiative providing services to the disadvantaged. Transport is one of these services. There is an approximate 60:40 Commonwealth/State ratio for funding for HACC services. For the 2002/03 financial year, there were approximately 3,000 HACC-funded organisations, providing services to about 400,000 people at any given time, or approximately 700,000 people per year. In 2001/02, \$32.7 million was spent on delivering transport services to the HACC target population, which translates into approximately 3 million trips. The expanding nature of this type of transport is evident in the increases in 2002/03 – 4.7 million trips with a total national spending of \$44.1 million.

In 2002/03 approximately 134 organisations in NSW received \$21.6 million from HACC, \$2.5 million from the Ministry of Transport under the Community Transport Program (CTP), \$26.1 million from NSW Health for non-emergency transport, \$14.4 from the Taxi Transport Subsidy Scheme and approximately \$8 million from the Department of Veterans Affairs. This aid assisted 1.3 million trips by 200,000 clients. CTP funding is directed at the transport disadvantaged. Criteria for eligibility relate to mobility, isolation and age (targeted at young people). What happens when fuel prices force the costs of these services to skyrocket? Services become more expensive and should funding be reduced or not increase with the rising fuel costs they will become less effective. This exacerbates the problems of social isolation and exclusion and would

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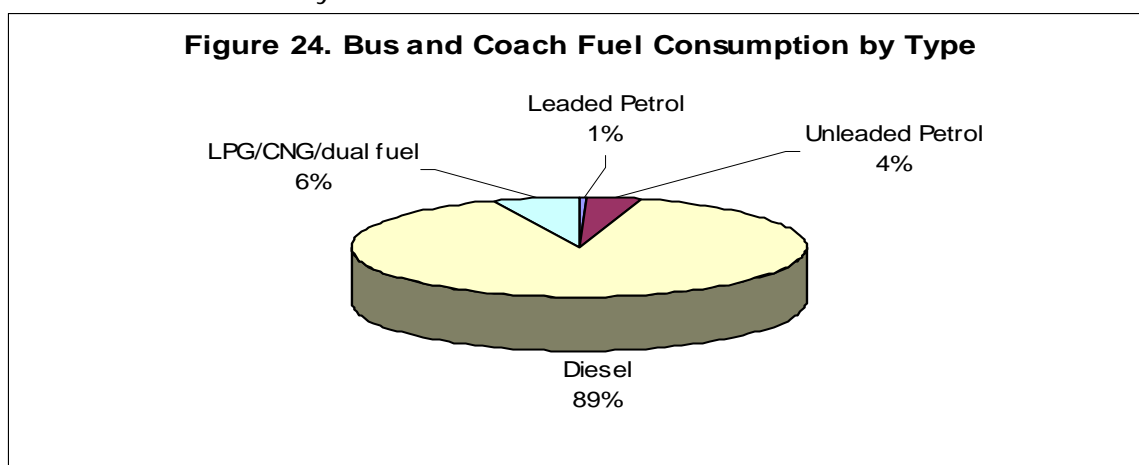
harm services to the disabled and elderly. There is a real opportunity to reduce fuel consumption and improve efficiency by better co-ordinating and integrating existing transport infrastructure, vehicles and expertise with HACC-funded community transport initiatives.

Road usage statistics

The car continues to dominate the Australian land passenger transport task with 87% of the total share of passenger trips, leaving public transport (PT) responsible for only 13% of Australia's passenger trips. All buses and coaches, private and public, make up an extremely small but important proportion of all road users, both passenger and commercial vehicle movements. The car represents 80% of metro, 68% of non-metro and 76% of total road vehicle kilometres (VKM). 72% of car VKM is in metropolitan areas, as opposed to 65% for bus VKM (1.2 bkm). Light Commercial Vehicles (LCVs) and Trucks represent 16% and 6% of total road VKM. Over 1.8 billion annual (VKM) of bus and coach activity occurs throughout Australia (2.7 times that of rail), with 65% in metropolitan areas. Given a total of 19.3 billion (PKM) per annum this is equivalent on average to 10.72 PKM per bus and coach km. This average varies from a high of 18.4 for non-metro areas (0.637bn VKM delivering 11.7bn PKMs) to a low of 6.3 for metro areas (1.20bn VKM delivering 7.6bn PKMs). The average bus or coach travels 36,200 km per annum (2001). What this means is that there is substantial scope for an increase of bus and coach services on our roads which will enable an exponential reduction in private car use, provided service levels are commensurate with a desire to reduce car usage. We need to better integrate the funding and operations of HACC funded services to ensure we optimize utilization of vehicles, existing transport infrastructure and expertise and utilize funding savings to expand PT services. (source material from BIC's 2003 fact sheet: Passenger Transport Activity in Australia www.bic.asn.au/reports)

Energy Consumption and Emissions

Buses and coaches consume annually approximately 500 million litres of fuel, with diesel/distillate being the main fuel. 75% of buses on register (or 52,815) used diesel fuel. The average fuel economy of buses is 27.8 litres/100km for diesel and 13.4 litres/100km for petrol. Figure 24 shows the various consumption shares for type of fuel. While diesel is used by 75% of buses, 89% of fuel consumed by buses is diesel.

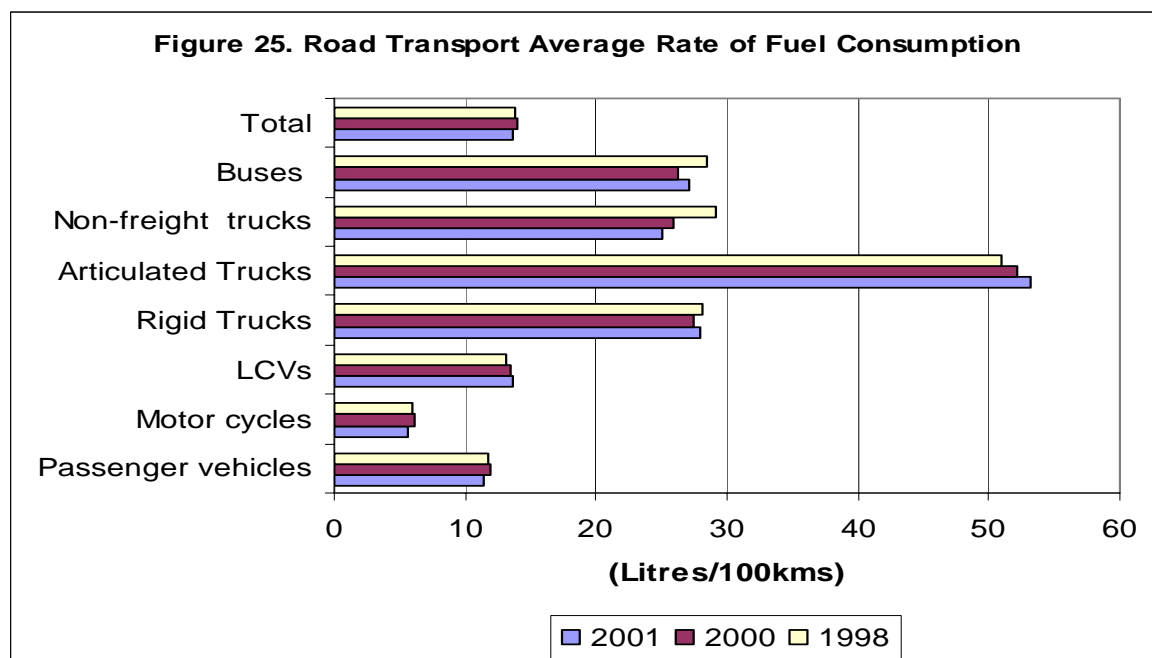


Source: ABS Survey of Motor Vehicle Use 2001.

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The bus and coach sector has made a significant contribution to reducing fuel consumption and hence reducing greenhouse gas emissions and associated other pollutants. In 1994/95 bus and coach fuel consumption was 36.8litres/100km, in contrast to 27.6 litres/100 km in 2001/02, an improvement of 9.2 litres/100km over 6 years or 4.17% per annum. The amount of fuel consumed however has increased from 378 megalitres in 94/95 to 500 megalitres in 01/02 in recognition of the absolute increase in VKM. BIC is a foundation signatory to the Federal Government's greenhouse challenge, supporting an increase in low emission fuels such as ethanol, clean diesel and hydrogen fuel cells.

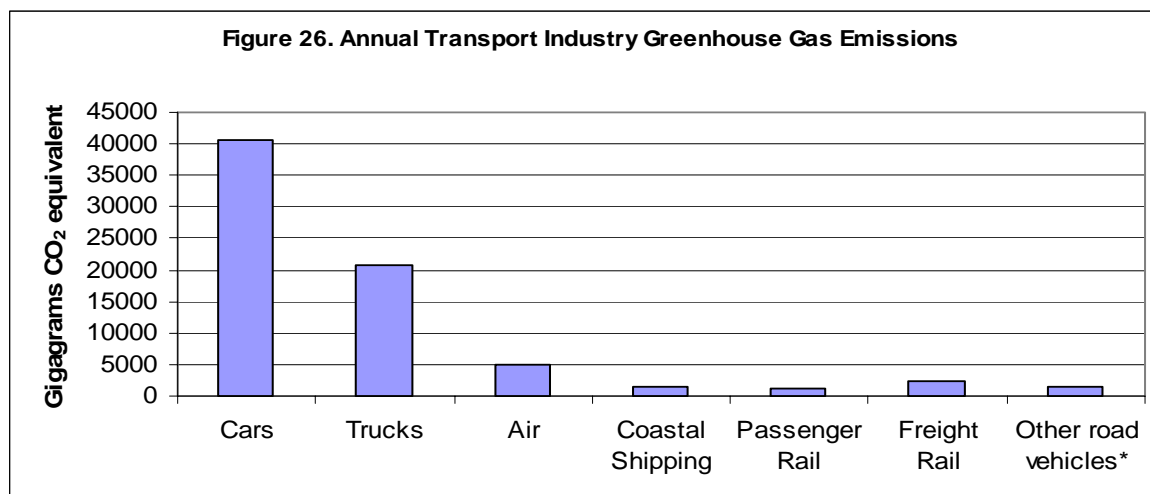
Figure 25 is a graph of the rate of fuel consumption for various road users. Both buses and non-freight carrying trucks made significant reductions in fuel consumption rates over the two-year period between 1998 and 2000. However, this rate rose for buses between 2000 and 2001. Progressively over time there has been a switch to automatic transmission.



Source: ABS Catalogue number 9208.0 and Austroads RoadFacts 2000.

A breakdown of greenhouse gas emissions for various sectors of the transport industry is given in Figure 26. Road transport is responsible for 88% of transport emissions and 13% of Australia's total emissions. Road transport emissions rose by 3.3% between 1999 and 2000, dropped 0.4% between 2000 and 2001 and were 24% higher in 2001 than in 1990. However, emissions from buses remain relatively low (between 1 and 2 per cent of all transport emissions).

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* Other includes buses and motorbikes.

Source: BTRE Report 107, 2002.

The average rate of fuel consumption is 11.4 litres/100 km for a car and 27.1 litres/100km for a bus. For a full bus, this would equate to 0.9 litres/100 PKM, (assuming 30 passengers). Therefore a single occupant car versus a full bus would consume 10.5 litres more per 100 PKM than for a full bus.

Dividing the total GHG emissions per year for cars and buses by their respective vehicle numbers (equates to 4 tonnes per car and 10 tonnes per bus) and by the average kilometres per vehicle (14,600 km per car and 33,300 km per bus) gives 0.28 g/km for cars and 0.32 g/km for buses. A full bus (30 passengers) therefore would emit 0.01 grams per PKM, 0.27 grams less than a single occupant car. This is assuming full occupancy for total VKM which is obviously not possible.

If public transport patronage (2.3 billion) was to increase by 1% and assuming this were to be taken up by previous car drivers/occupants and average car occupancy is 1.5, the amount of cars taken off the road would be 153 million. That would equate to over 600 million less tonnes of GHG emissions per year. If previous car drivers/occupants were only responsible for 70% of the 1% increase in public transport patronage, this would still equate to 430 million less tonnes per year. There are clear environmental benefits to increase PT patronage and a clear national interest in doing so.

Economic Sustainability and the Cost of Cars

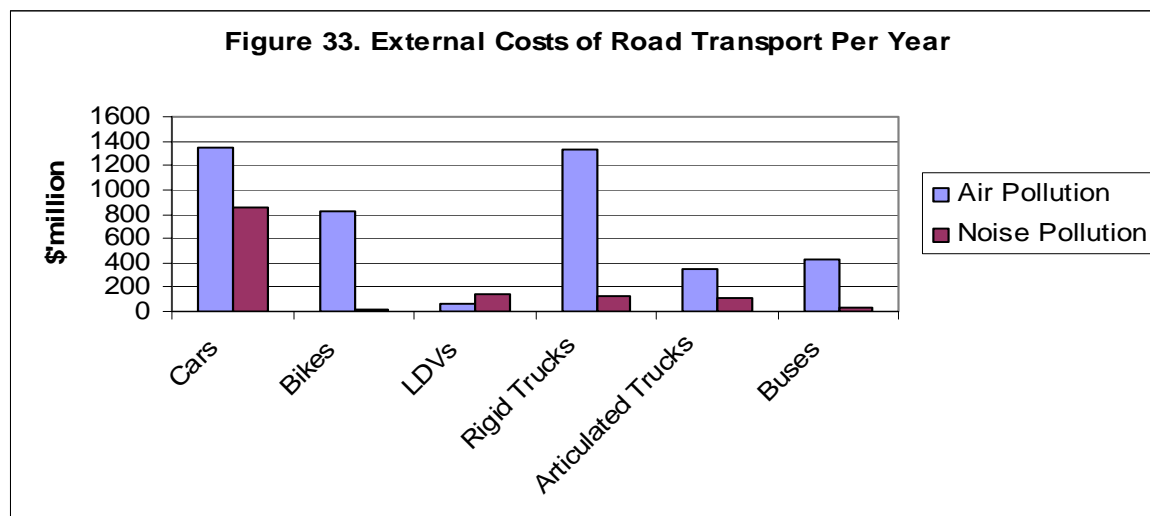
The nation's public transport system is in need of increased funding and fundamental changes in the approach taken by all levels of government, Australia requires a national 'moving' people strategy. Public transport for too long has been considered the domain of respective State and Territory Governments. However it is increasingly evident and accepted that a national strategy is needed and justified. With social, environmental as well as economic implications on a national scale, because Australia has no nationally co-ordinated or strategic transport policies or programs that address these issues, it must definitely come within the realms of Commonwealth responsibility. An integrated national land transport strategy is necessary to minimise the economic waste currently experienced from Australia's current land transport systems. They are unsustainable. In economic terms, the transport system is costing the community over \$20 billion

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a year in external costs. This comes in the form of road congestion, road accidents, air pollution, climate change, noise, and road expenditure. There are huge economic savings to be gained by investing in and encouraging use of public transport.

The largest economic waste resulting from the unsustainable transport system is road congestion, primarily in peak periods and in the cities. The BTRE estimates that congestion costs Australia \$12.8 billion per annum (approximately 2% of GDP) in increased vehicle operating costs and travel times, rising to \$29.7 billion by 2015 if improvements are not made. On top of these economic and social externality costs are the environmental implications. Fuel consumption and greenhouse gas, (GHG), emissions are twice as high under congested traffic conditions as free-flowing traffic. The BTRE state that congestion in Australia's six major cities account for around 13 million tonnes of GHG emissions per annum which is the equivalent of 17% of domestic transport emissions and 3% of emissions from all sectors. Australia's dependency on the car (one of the highest in the world) is the obvious major determining causal factor for congestion. Cars represent 90% of the passenger kilometre modal share of our cities.

BIC estimates in 2001 stated the cost of air pollution from cars at \$1.35 billion (or 31% of the cost of air pollution from road transport). Noise pollution from cars costs approximately \$850 million per year (67% of noise pollution costs from road transport). This is equivalent to approximately 2 cents per passenger kilometre - urban areas only, (buses cost approximately 6 cents per passenger kilometre). Figure 33 below illustrates the estimated external costs for road transport associated with air and noise pollution. Note that this does not include congestion costs. Private vehicles and rigid trucks are by far the highest contributor to air pollution costs.



Source: BIC, 2001.

The BIC estimated marginal costs for car use in urban areas to approximate 84-92 cents per litre. With average fuel consumption for cars at 11.4 litres per 100 kilometres, (this is for all types of travel and would be higher for urban travel) this would equate to \$9.58 to \$10.49 per 100 km. If everyone (car drivers and passengers) travelling to work used public transport one day a week instead of the car the savings could be estimated as follows:

Assuming the average journey to work distance by car is 10.1 km, total kilometres saved per person would equal 48 (weeks) x 2 (return) x 10.1 = 969.6 km. This equals a saving of \$93 to \$102 per person. The total number of employed persons (capital cities only) who's main mode of

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travel to work is car is 3.25 million. Therefore total external savings would equal \$302.25 million to \$331.50 million. Of course the increased external cost of travelling by public transport would need to be subtracted from this to achieve the net savings. However, it can be seen that substantial savings in congestion costs, environmental costs, and accident costs could be achieved. On top of these savings would be the increases in public transport revenue.

The economic, social and environmental impacts of our dependency on cars strongly compel action for increasing the use of public transport. Improvements in the public transport system are necessary if patronage is to rise. While substantial costs are necessary in order to achieve this, the benefits far outweigh the costs.

The BTRE estimates that a one per cent improvement in the efficiency of the delivery of national transport services will increase annual GDP by around \$500 million (2002 prices). The flow-on effects of investment in public transport are very significant. The resultant reduced travel time and congestion and increased safety, lead to a reduction in transport costs, business costs, costs of living, an increase in business productivity and lower prices and costs. This in turn, leads to economic stimulation and expansion and attraction of businesses. Whereas roads could be considered diminishing returns to scale (marginal costs increasing when externalities are considered), it makes economic sense to encourage public transport as marginal costs are decreased as patronage increases.

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Options for reducing Australia's transport fuel demands

The increasing costs associated with operating and owning a personal car will impact on the young, the unemployed, the ill, the elderly and their capacity to meet their personal mobility needs to access education, jobs, services and social and recreational activities. The golden rule is to work toward solutions that are sustainable. We also need to understand that even between the various forms of public transport there is a lack of integration and cost-effectiveness. The bus industry is capable of supplying the most cost-effective, flexible, sustainable and efficient form of public transport than any other. In terms of input cost efficiency and use of resources the private bus industry is best practice. What we need to be collectively working toward is the development of a 'public transport culture', an ethic that has the sole purpose of contributing to the solution of these issues. We need a moving people strategy that enables a discussion to begin to exist between the public transport industry and the federal government. The initiative needs to come from a national level as this is the best way to co-ordinate a strategy for ALL Australia, how we ALL move for next ten, twenty or fifty years needs to be planned now. The best solution is an increase in the patronage of public transport, as this provides not only a more cost effective way to maintain people's mobility but solutions to congestion and pollution and is sustainable.

We contend that Australia's cities face major sustainability issues in terms of personal transport systems, particularly related to:

- the economic significance our cities and the importance of ensuring that high quality transport systems are provided to facilitate future economic growth in these cities, particularly with respect to reducing the adverse impacts of congestion, balanced with meeting environmental and social needs;
- ensuring that a decent basic level of access is available to all Australians, irrespective of where they live; and,
- dealing with the continuing problems associated with road trauma.

These sustainability issues all derive primarily from our high dependence on the private car. Bic argues that the key input required from government to achieve greater public reliance on PT as a means to cope with rising fuel costs should be based on the following fundamental ideas:

Quality Service

- improving service levels by public transport (and also encouraging travel by other low impact modes such as walking and cycling), to increase their use relative to the car, particularly in middle and outer suburban areas. Bus service levels should be the primary area for public transport service improvement because of the orientation of bus services to middle and outer urban areas;

Planning

- improving the integration of land use and transport to reduce the need for travel and to facilitate greater ease of travel by low impact modes (public transport, walking and cycling); and,

Pricing

- reforming road pricing, to make road users more accountable for the costs of their travel decisions, while providing a flow of funds to assist implementation of transport sustainability initiatives. Parking levies on spaces in congested areas are a handy starting point towards improved pricing.

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BIC's National Policy Statement argues for a figure of 20% of motorized trips being made by public transport by 2020 is an appropriate target for Australian cities and that this outcome will only be achieved if all fundamental ideas are pointing in this direction and being delivered through an agreed Federal/State approach and agreed National Strategy. The benefits of achieving this target, however, are potentially huge, particularly given the scale and growth in congestion costs.

There needs to be a major change in the nature of Federal-State land transport relationships, to assist in delivery of the desired change in policy and program direction. BIC supports major change because

- all levels of government have an interest in reducing associated costs of rising fuel.
- the costs of not improving PT sustainability are so high and
- progress under current arrangements has been inadequate.

We propose an integrated approach to policy and program priority determination on land use and transport development, beginning with Institutional reform of the Federal and National Regulatory frameworks in which passenger Transport is currently engaged. This proposes, in particular, a more integrated approach to transport development, pricing and funding, involving all levels of government and with involvement of other key stakeholders, including the broader community, working through central State-based agencies set up for the purpose. Pricing, investment and funding processes should be integrated through this mechanism, with the Federal Government being specific about its outcome objectives and using funding leverage as a means of ensuring that these objectives are incorporated as criteria to be met by the State-based land use and transport planning and decision-making process. Federal leadership is required to drive this change process, which will rely on effective partnerships across all levels of government, business and community stakeholders.

A new Inter-Governmental Agreement on Land Transport should be considered as part of the process of change. The success of the National Road Transport Commission process has shown that such an approach can achieve support across the governmental and other stakeholder spectrum and engage the players in seeking solutions in line with the objectives of the process. Sustainability outcomes with particular reference to fuel consumption reduction should figure very prominently in the objectives of the Agreement. Such an agreement could align with the most recent COAG agreements to investigate the issues of urban congestion and road/rail competitive neutrality.

BIC believes that the Federal Government should kick-start this process of change by establishing a Sustainable Infrastructure Fund, as part of the existing Auslink and Roads to Recovery infrastructure funding programs to accelerate delivery of major projects that will enhance the sustainability of our cities (and regions).

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BIC Conclusions

BIC concludes that the current scale of road congestion costs in Australian cities and the growth in the size of these costs indicates that current city land transport systems are not sustainable in economic terms. Urgent policy attention should be devoted to ways of reducing these huge economic costs. Long term, congestion pricing is likely to be a central part of the solution to congestion costs, as one element in integrated urban transport and land use development strategies.

While urban traffic matters have traditionally been seen as matters for the State Government in Australia, the national economic need for dynamic urban economies, set alongside the high costs of congestion, air pollution and noise, means that these are now clearly matters of national economic concern. The contribution that urban public transport can make to reducing these problems, as one part of integrated urban transport/land use systems, means that urban public transport should become an integral part of the scope of national land transport policy and programs, again as a means to reduce oil consumption

BIC contends that all Australians have the right to basic transport choices and national land transport policy should ensure that this is treated on an equitable basis across our cities and regional areas. Improved public transport systems are increasingly being recognised as one element in improving such access options, with improved bus service levels in outer suburban areas being particularly important.

In planning for reduced road trauma in our cities, BIC believes that increased emphasis should be placed on the gains that are achievable from a greater role for public transport.

BIC concludes that substantially improved service frequency and coverage, enhanced service reliability and better marketing of public transport services will lead to a significant increase in public transport use in Australian cities.

BIC believes that, due to the extensive and spread out nature of our metropolitan areas, substantial improvement in the quality and quantity of bus services is a cost-effective public transport option for improving the sustainability of travel options.

BIC concludes that the availability of a sustainable funding source for improved public transport services is critical to achievement of more sustainable personal transport systems in Australian cities.

BIC concludes that increasing the relative compactness of Australian cities and increasing the relative degree of concentration of activities will lead to improved sustainability, by reducing the need for travel and encouraging a greater reliance on public transport, walking and cycling for travel. Integration of land use and transport planning and development is essential to delivering this outcome. Careful attention to urban design can also encourage more sustainable means of travel.

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BIC concludes that a review is required of all of Australia's existing transport taxes and charges and to make recommendations on changes that are needed to achieve a pricing framework that internalizes the external costs of road use and welcomes the work being undertaken by COAG and the Standing Committee on Transport Australian Passenger Transport Group.

BIC supports levies on parking spaces in congested areas as a useful step towards improved road transport pricing.

BIC believes that development of more sustainable personal transport systems for our cities must be a key focus of the implementation of a more integrated national transport system. The States should form the hub of the approach, because they have the primary responsibilities for service delivery on land use and transport. This means that a State Transport (Pricing and Funding Allocation) Agency (the Central Agency) should be established as its cornerstone, in each state. Other levels of government and the broader community also need to be involved, however, because they have important interests in the economic, social and environmental outcomes of the land use/transport process.

Proposed Actions by the Commonwealth

BIC proposes that the Federal Government kick-start this process of change by establishing a Sustainable Infrastructure Fund within Auslink and Roads to Recovery programs, or as an integral part of any transport infrastructure funding arrangements put in place to support investment in major infrastructure improvements that have a strong sustainability rationale (e.g. improved public transport systems). States and local government seeking projects for funding support from this Fund should be required to meet certain conditions specified by the Commonwealth, namely that they: (1) comply with any specific sustainability objectives nominated by the Federal Government in proposing projects for funding support from the Infrastructure Fund; (2) demonstrate that any transport projects for which they are seeking funding support have emerged from an integrated land use/transport planning and development process; (3) are prepared to match dollar for dollar the Federal funds being sought for any project (without offsetting cuts in funding elsewhere); and (4) sign off on a New Inter-Governmental Agreement on Land Transport within twelve months of the announcement of the Infrastructure Fund.

BIC proposes that existing National Institutional Arrangements and existing Federal Departmental and portfolio arrangements be reviewed and made relevant to the development of a National Moving People / Sustainable Cities Policy.

BIC proposes that the Commonwealth should initiate the development of a New Inter-Governmental Agreement on Land Transport, whose focus should be on the establishment of more sustainable land transport systems, utilising the three key policy/program levers of improved public transport services, better land use/ transport integration and reformed land transport pricing systems.

BIC believes the Federal Government should provide a positive tax environment for public passenger services, providers and passengers.

BIC proposes that fuel taxation should be restructured by the Commonwealth Government, to better reflect the external costs of road use, including the environmental damage associated with

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use of different fuels. Emission control standards should continue to be tightened, in line with international best practice, and fuel quality should continue to be improved.

BIC believes the Federal Government should encourage the development of Bus Rapid Transit system initiatives in Australia, since they represent a cost effective means of addressing the urban transport problems of metropolitan Australia.

BIC proposes the Federal Government make all road funding programs such as Roads to Recovery conditional or inclusive of the requirement to include public passenger transport planning and infrastructure provision.

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