

Executive summary and recommendations

Chapter 1: conduct of the inquiry

Significant increases in urban public transport use in recent years have caused complaints about overcrowding and focussed attention on the need for improvement. Problems of urban traffic congestion have had renewed attention since the publication of a 2007 report which projects a greatly increased congestion cost in future under business as usual assumptions.¹ Rising oil prices and changing climate have also increased the demand upon and the need for public transport.

The detrimental health effects of inactive, car-dependent lifestyles have had increased attention in recent years as part of the discussion of the 'obesity epidemic'.

In the committee's view these issues make the inquiry timely.

All submissions argued, and the committee agrees, that public transport and active transport create community benefits which justify supporting them with public subsidies.

Key issues for improving public transport include:

- the need for stable strategic transport plans, with goals, actions and performance criteria detailed enough to be a basis for monitoring performance;
- the need for best practice institutional arrangements so that the city's public transport service is planned and delivered as a fully integrated network;
- the need to properly integrate transport planning with urban planning more generally.

Most of the discussion in the report, following the submissions, is about public transport in cities, since that is where the traffic congestion problems are greatest, and that is where the research on transport disadvantage focusses. That is not intended to downplay the significance of rural and regional transport issues. [1.8]

Chapter 2: background information on public transport in Australia

Metropolitan travel in passenger-kilometres is about 85-90 per cent by car, 10 per cent by public transport and the rest by cycling and walking. The public transport share is much higher for trips to central business districts, where services are best and problems of traffic congestion and parking most favour public transport (for example,

1 Bureau of Transport and Regional Economics, *Estimating urban traffic and congestion cost trends for Australian cities*, working paper 71, 2007

public transport handles 72 per cent of work trips to the central business district of Sydney). [2.9, 2.12]

Public transport trips as a share of all metropolitan trips has been mostly stable since about 1980 as ridership has grown slowly in proportion to population growth. However increases significantly above trend have occurred in most capital cities in the last few years, leading to complaints about overcrowding. [2.17]

Urban public transport services are mostly provided (funded) by State governments. The operator may be a corporatised state-owned authority or private providers under contract to government. Farebox cost recovery is usually about 20 to 35 per cent. [2.25, 2.28]

Chapter 3: benefits of public transport

Public transport to reduce traffic congestion

On present trends the cost of urban traffic congestion is projected to increase significantly. The Bureau of Transport and Regional Economics has estimated that if all metropolitan public transport, cycling and walking trips were car trips, the cost of congestion would be about \$3 billion higher than it is. This is expected to double by 2020 [3.7, 3.9]

It is inevitable that as our cities grow public transport must play a greater role in combating traffic congestion. [3.12]

Congestion charging can help reduce congestion by discouraging motorists from travelling at the most congested times and places. The economic benefits of congestion charging are well established, however it has been politically difficult because of the perception that it is 'yet another tax on motorists'. Better public transport is essential to make congestion charges economically defensible and politically palatable by giving more motorists other choices. [3.23,3.25]

Public transport to improve the urban amenity

Car-limiting and public transport friendly planning policies economise the amount of land needed for roads and parking, land which may be put to more attractive uses; and they strengthen older activity centres which are usually more accessible by public transport and have a better and safer environment for pedestrians. [3.28]

There is strong world-wide evidence that public transport improvements (particularly congestion-free railways or busways) improve nearby property values. [3.29]

Public transport for environmental goals

Public transport is more energy efficient than car transport, and so will contribute to reducing oil dependence and reducing greenhouse gas emissions. [3.33]

Public transport to promote public health

More public transport use will reduce the health costs of road crashes and atmospheric pollution, and promote active lifestyles and help reduce obesity. [3.46ff]

Public transport to reduce transport disadvantage and social isolation

Better public transport will reduce the transport disadvantage and social isolation suffered by people without cars. It will reduce the need for urban fringe dwellers to spend an excessive proportion of their income running cars. [3.59ff]

Chapter 4: Improving public transport

Need for better services

The most prominent comment in submissions was the need for improvements to public transport service. The most important elements of this are speed and frequency. Bus/tram priority measures are important to make public transport congestion-free and improve reliability, and are considered worthy of significant investment. [4.3, 4.6, 4.7]

Need for a complete network

To encourage public transport use for trips other than commutes to the city centre it is important to have a complete network of sufficiently frequent routes with quality interchange facilities. With a complete network and convenient transfers the effective reach of the network may be greatly increased very cost effectively. [4.13, 4.15]

Need for a legible network, good information services, multimodal ticketing

To encourage occasional users and transfer trips, it is essential to have a legible network of routes and clear information about timetables and ticketing, and a convenient multi-modal ticketing system that does not discourage transfer trips. [4.17, 4.21]

Need to integrate cycling and walking measures with public transport

Submissions noted the need to plan measures to encourage cycling and walking in conjunction with public transport measures, as they support each other. Cycling can greatly increase the catchment of train stations, while almost all public transport trips have a walking component. [4.27]

Need for better institutional arrangements

Submissions stressed the need for good governance to make sure that public transport services are delivered effectively and to make sure that infrastructure investment is prioritised widely. The key element of this was usually said to be a single regional public transport authority with the power and responsibility to plan and deliver the

city's public transport service in an integrated way under a single brand (whether or not service provision is contracted out). [4.37]

Need for a strategic transport plan

Submissions stressed the need for a long term strategic transport plan for each major city and region as a whole, which has goals, actions and performance criteria detailed enough for performance to be monitored. [4.42]

Need to integrate transport planning and urban planning

Submissions stressed the need to integrate transport planning with urban planning generally. [4.45]

Increasing residential density generally is often suggested as a way of promoting public transport use; however this is controversial. The committee takes no position here on the urban consolidation debate, but stresses that planning initiatives to promote walking and cycling and public transport provision can and should be done regardless of views about the best overall urban population density. [4.51]

Need for infrastructure investment

Most submissions argued the need for significant investment in public transport infrastructure. However they stressed the need for orderly cost benefit analysis and prioritisation that gives adequate attention to external costs and matters hard to quantify, in keeping with a city-wide long term strategic transport plan.² [4.53]

The committee agrees that significant catch-up investment in public transport infrastructure is needed, particularly in light of the current strong growth in patronage, and the inevitability that congestion-free public transport will be more important in future as our cities become bigger and more congested. [4.59]

Issues for rural and regional public transport

Many submissions raised concerns about poor public transport in rural and regional areas. A key challenge for governments is to provide more effective service without excessively increasing the cost in public subsidy. However even without increasing operational budgets there is obviously room for improvement in providing better centralised information and marketing, and coordinating services so that the timetables are rational and riders are not hampered by bureaucratic restrictions relating to operators' territories. [4.62, 4.66]

2 'External costs' are explained at paragraph 3.19.

Special needs public transport, community transport

Some needs which are currently met inadequately or not at all by regular public transport may be more suitable for community transport. Submissions noted the increasing burden that is falling on local councils who provide transport not only for special needs groups but also to make up for the lack of adequate regular public transport. [4.67, 4.71]

Need to plan for long term change

The aim of improving public transport is to change people's travel behaviour in favour of more sustainable, less car-dependent, less congested cities. We can expect change to be slow, as it requires changing patterns of urban development and human behaviour developed over two generations. The important thing is to set a trend to reduce car-dependence in the long term. [4.76]

Chapter 5: the role of the Australian Government

Past Australian Government involvement in public transport

The Australian Government operated a Urban Public Transport Program (1990-93) and the Better Cities program (1991-96). More recently it has contributed to 'Travelsmart' behavioural change programs, however this funding ceased in June 2009. Otherwise the Australian Government's policy in recent years has been that urban public transport is the responsibility of the states/territories. [5.2ff, 5.14]

Recommendation 1 (paragraph 5.13)

That the Commonwealth recognise the cost-effectiveness of the 'Travelsmart' behaviour change program and consider reinstating funding for it from an appropriate department.

However the Australian Government has recently signalled a renewed interest in urban policy by establishing a Major Cities Unit in Infrastructure Australia, the Government's new infrastructure advisory body. The 2009 budget funded a number of significant urban public transport projects. [5.15]

The Australian Government also contributes to the Commonwealth/State Home and Community Care program, which has a transport component. On the evidence it seems that there is potential to improve the interface between regular public transport and community transport to ensure the most cost-effective service to the most people. The Committee recommends that the Department of Health and Ageing, which is accountable for the efficient use of HACC transport funds, should be mindful of this in negotiation of future HACC agreements. [5.16]

Recommendation 2 (paragraph 5.17)

The Commonwealth in future negotiation of HACC agreements should be mindful of -

- **the effectiveness of present community transport services;**
- **future transport needs of groups targeted by community transport;**
- **appropriate balance between community transport, regular public transport and taxis to meet those needs; and**
- **appropriate division of responsibilities, actions and funding to meet those needs.**

National leadership for best practice transport planning

Submissions argued that there should be greater national coordination of transport policy. The Committee notes and supports recent work by the National Transport Commission and the Australian Transport Council in this regard. [5.24, 5.27]

Nationally coordinated public transport research

Submissions argued that there is a need for greater national coordination and support of research relating to best practice public transport planning and operations. The committee agrees that there is a need for a national transport research agency whose remit includes detailed technical research on public transport and active transport. Whether this should be a new body or should be done by extending the remit of one of the existing bodies (BITRE, Austroads or ARRB) would be a matter for further consideration. [5.33]

Recommendation 3 (paragraph 5.34)

The Australian Government in consultation with the states/territories and other stakeholders should establish a national transport research body suitable to be a national centre for detailed research into world's best practice public transport and active transport.

A public transport and active transport funding program

Submissions urged the Australian Government to establish an ongoing funding program for public transport and active transport comparable to its roads programs. [5.35]

The committee agrees that the demand on public transport infrastructure will continue to rise and require an expansion of its role and capacity in meeting the commuter task. Nevertheless, public transport has traditionally been the responsibility of the states and a key element of service delivery regarding which the voting public quite rightly hold their state governments to account. Moreover, public transport involves complex urban planning, land use and development decisions that are best carried out by the

states since they are the closest constitutional level of government to the community. The Committee does not propose to recommend that this should change. [5.43]

Recommendation 4 (paragraph 5.44)

Commonwealth funding for public transport should only occur in the context of overall funding for infrastructure projects that meet a strict merit-base criteria. These include an objective assessment of the broader community and economic benefits and the degree to which the sponsoring state government has adopted an integrated, inter-modal, best-practice approach to transport planning and management. The Commonwealth can only make such decisions in the context of broader judgements regarding all competing infrastructure projects that have national significance.

Suggested tax incentives for public transport

Submissions suggested that there should be tax incentives to use public transport. On the other hand, Treasury has previously argued that a tax benefit for public transport use would seem to be contrary to the fundamental principle of distinguishing work-related and private expenditure in the tax system. [5.45, 5.49]

The committee is not inclined to recommend tax concessions for public transport at present. However the committee agrees that the likely benefits should be further investigated. [5.51]

Recommendation 5 (paragraph 5.52)

The Government should investigate options for tax incentives for public transport including estimating their likely effects on people's travel behaviour.

Measures that encourage 'buy-in' by employers to promoting sustainable transport in their workforces should be encouraged. [5.53]

Recommendation 6 (paragraph 5.54)

Government support for behavioural change programs ('Travelsmart') should include measures to encourage 'buy-in' by employers in promoting sustainable transport in their workforces.

Fringe benefits taxation of cars

Submissions argued that the concessionary tax treatment of cars as a fringe benefit (car FBT) should be abolished. They argued that the concession encourages the use of cars, significantly contributes to urban traffic congestion and parking problems, and is contrary to widely held goals to promote public transport and restrain transport greenhouse emissions. [5.56]

The statutory formula used to calculate car FBT encourages excess driving to reach the next distance band which earns a lower tax. This undesirable situation can easily be remedied by adjusting the statutory formula. [5.76-7]

Recommendation 7 (paragraph 5.79)

The Government should amend the car FBT statutory formula to remove the incentive to drive fringe benefits cars excessively to reach the next threshold.

The statutory formula is also generally concessionary. The committee accepts submissions that this encourages a car culture in the workplace, contributes to traffic congestion, and hinders the take up of public transport. [5.84]

The Committee considers that the Government should state the purpose of concessionary FBT of cars more clearly, and investigate the likely effects of making it less concessionary. [5.91]

Recommendation 8 (paragraph 5.92)

In relation to fringe benefits taxation of cars by the statutory formula method -

- **the Government should state the purpose of making the tax concessionary (noting that whether the tax should be concessionary, and whether there should be a statutory formula for the sake of easy compliance, are different questions);**
- **the Government should investigate and report on how well the concession is achieving its purpose; and**
- **the Government should investigate and report on what the likely effects on consumer behaviour would be if the concessionary aspect of car FBT was reduced or removed.**

Other FBT related issues

Taxi travel to and from work in certain circumstances is an exempt benefit (no FBT is paid). Public transport fares to and from work are not exempt. This difference is unjustified and inequitable. The scope of FBT exemptions should be consistent between car transport and public transport. [5.93, 5.95]

Recommendation 9 (paragraph 5.96)

The Government should change FBT rules so that the scope of exemptions is consistent between car transport and public transport.