



Friday 13 March, 2009

The Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

To the Secretary,

Re: Submission on the investment of Commonwealth and State funds in public passenger transport infrastructure and services.

Please find attached a submission from Environment Victoria to *the Senate Standing Committee on Rural and Regional Affairs and Transport* to the *Inquiry into the investment of Commonwealth and State funds in public passenger transport infrastructure and services*.

Environment Victoria is the peak environmental non-government organisation in Victoria and has over 120 member groups and thousands of individual members and supporters across the State. Environment Victoria was one of the first NGO's in Australia to work on the issue of climate change, and has been working on the issue for over a decade. We have run a public transport campaign focused on reducing emissions from transport for many years.

We welcome the opportunity to comment on the role of the Commonwealth Government in providing public transport services and infrastructure. Environment Victoria believes that the Commonwealth Government has a strong and important role to play in national and state based public transport systems and would strongly congratulate Commonwealth Government efforts to take some responsibility for providing Australians with sustainable transport choices.

We look forward to the outcomes of this Inquiry, and hope that this is the start of much broader Commonwealth engagement on this important issue.

Please contact me at victoria@envict.org.au or on 03 9341 8112 should you require any further information or clarification on Environment Victoria's submission.

Yours sincerely,

Victoria McKenzie-McHarg
Sustainable Transport Campaigner
Environment Victoria

Environment Victoria Inc.
Reg No A0023095M
ABN 84 495 053 605

PO Box 12575
A'Beckett Street
Melbourne VIC 8006

Level 2
60 Leicester Street
Carlton VIC 3053

Tel 03 9341 8100
Fax 03 9341 8199
admin@envict.org.au

www.envict.org.au



A. An audit of the state of public passenger transport in Australia

Environment Victoria would support a full and proper audit of the state of public passenger transport across Australia. Currently much information is lacking from the public transport sphere causing difficulty in understanding where the most urgent weaknesses in our system lie, and planning for expansion of the system. Environment Victoria believes that an audit would highlight the urgent need for Commonwealth investment in Australia's public passenger transport system.

B. Current and historical levels of public investment in private vehicle and public passenger transport services and infrastructure

When much of Australia's tram and rail lines were first laid down in the late 19th and early 20th centuries, Australia was considered a world leader in public passenger transport infrastructure. Since then however, there has been relatively little expenditure on our public transport network, despite growing populations and city expansion. Australian cities have developed well beyond the end of suburban train lines, and many cities have actually removed tram and rail lines.

Successive Federal Governments have not supported public transport expenditure, viewing this as the responsibility of State Governments. However Federal Governments have during this time provided significant funding for the road network, leaving public transport infrastructure and services at a considerable disadvantage.

While the road network expanded, so to did Australia's reliance on the private motor vehicle. However in recent years there has been a significant mode shift back towards public transport in Australia's major cities and on numerous intra and inter state lines.

Melbourne's public transport mode share has increased from 9 percent in 1999 to 13 percent in 2008¹. This mode shift has been driven by a number of factors including employment growth in the inner city, increasing petrol prices, and a new environmental awareness about the impact of greenhouse gas emissions from driving.

Given petrol prices are predicted to continue to increase over the long term, and the urgent need to reduce greenhouse gas emissions from all sectors to avoid runaway climate change - patronage growth on Melbourne's public transport system is predicted to continue. Following recent patronage growth Melbourne's train and tram network has experienced considerable overcrowding. Expansion and improvement to our public transport network and services will need to both ease this congestion, and support future growth and mode shift.

The Victorian government's recently announced *Victorian Transport Plan* commits \$38 billion to transport investment in the State over coming decades². However this plan remains heavily focused on development of the road network, and fails to demonstrate how Victoria will reduce emissions from transport. In fact, under the *Victorian Transport Plan* greenhouse gas emissions from transport will likely rise. Further investment from the

¹ Victorian State Government, *The Victorian Transport Plan*, December 2008. Pg 63.

² Victorian State Government, *The Victorian Transport Plan*, December 2008, pg 150-153.

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Federal Government will be required if we are to see a significant improvement in Victoria's public transport services.

C. An assessment of the benefits of public passenger transport, including integration with bicycle and pedestrian initiatives

The benefits of public transport are numerous and well documented. Environment Victoria's central focus with public transport is its capacity to reduce emissions from our transport sector. It is this area that I will focus on here.

Transport is responsible for 17 percent of greenhouse gas emissions in Victoria, making it second only to stationary energy as a contributor to our state's carbon footprint³. Transport is responsible for 14 percent of emissions across Australia. While these figures are significant, what is particularly concerning is that since the Kyoto protocol agreement in 1990, Australia's emissions from transport have increased by almost 30%. Given that transport emissions have been growing so rapidly, significantly reducing emissions from this sector will be challenging.

However, it is important to note that emission reductions from transport behaviour change are very possible. The Victorian Greenhouse Gas Inventory 2006 indicated that Victoria's emissions from transport actually decreased slightly from the 2005 transport emissions figures⁴. This decrease in emissions is likely due to reduced driving and mode shift towards public transport driven by an increase in petrol prices that year. While it is also important to note that the national emissions inventory for a given year is often adjusted upwards the following year due to better data availability (meaning that the decrease attributed to transport could also be adjusted), it is encouraging to see that voluntary behaviour change on behalf of motorists affected a decrease in emissions.

In November 2008, Environment Victoria released a detailed report, *Turning it around: climate solutions for Victoria* completed by the Nous group, which demonstrated that Victoria could cut its greenhouse gas emissions by 54 percent by 2020 on 1990 levels, and 60 percent by 2020 on 2000 levels⁵. This study used the same model, methodology and consultants as an earlier study released by Premier John Brumby at his Premier's Climate Summit earlier that year, however modeled deeper and faster emissions reductions. The Nous study found that to achieve such a reduction in the State's emissions, a significant reduction in Victoria's transport emissions would be required.

The study found that it is possible to slash emissions from transport in Victoria by 9 million tonnes by 2020, and 16 million tonnes by 2030 – but only with immediate action from government. These reductions were modeled as four separate wedges, or focus areas outlined in figure 1 and 2 below.

³ Australian Government Department of Climate Change, *State and Territory Greenhouse Gas Inventory 2006*, pg. 17

⁴ Ibid

⁵ The Nous Group, *Turning it around: climate solutions for Victoria*, 2008, pg. 23

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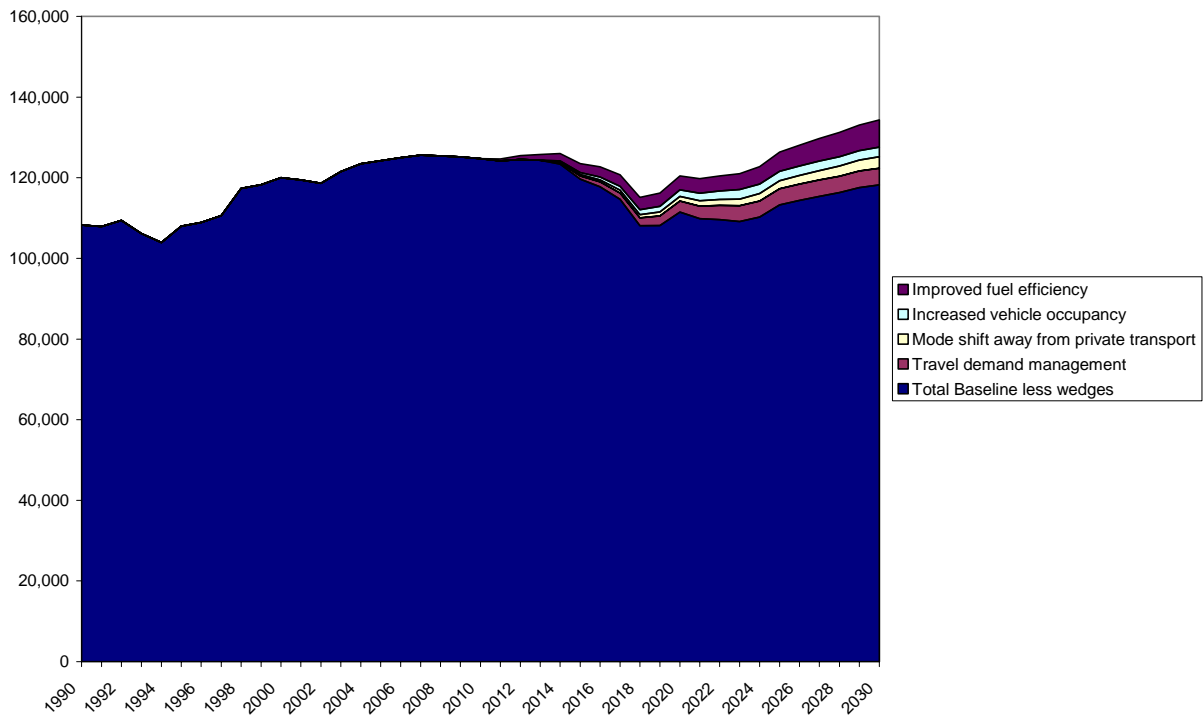


Figure 1. Wedges of action to reduce transport emissions

Name of wedge	Sector	Description	State Date	Ramp-up time	Annual CO2 reductions (000s tonnes)		
					2010	2020	2030
Travel demand management	Transport	20% reduction in underlying demand for personal travel	2010	10	0	2,720	4,148
Mode shift away from private transport	Transport	25% substitution of private passenger transport to public transport or cycling/walking; 5% shift in road freight to rail freight	2010	20	0	1,162	2,864
Increased vehicle occupancy	Transport	20% reduction in private vehicle use for passenger transport	2010	10	0	1,648	2,338
Improved fuel efficiency	Transport	30% improvement in fuel efficiency achieved between 2010 and 2022, improving to 60% between 2022 and 2030	2010	20	0	3,452	6,775

Figure 2. Wedges of action and possible CO2 reductions 2020 and 2030

Mode shift away from private transport towards sustainable transport such as public transport or cycling and walking can contribute significant emissions reductions in Victoria. While changes to our transport system on

this scale will require significant industry and behavioural change, this must be lead by government commitment and investment.

The Federal Government currently has a greenhouse gas emission reduction target of 60 percent by 2050. It is widely recognised that Australia will need to go much further than this, much faster if we are to contribute to a global agreement to reduce emissions deep enough to avoid runaway climate change. All sectors will need to play their part in emissions reductions, and transport will be no exception.

Importantly, public transport is not only an important solution to climate change but can also play a role in helping communities adjust to rising energy costs associated with climate change. The Federal Government's proposed Carbon Pollution Reduction Scheme seeks to put a price on carbon that will increase the cost of carbon intensive products and send a price signal to the market in order to reduce emissions. It is proposed that transport fuels be included in this scheme, however the cost of this will be offset through a corresponding cent-by-cent reduction in the fuel excise for the first three years of the scheme. Public transport will be one solution that can both reduce emissions, and provide a transport alternative to Australians to cope with the increased cost of carbon on their petrol bills once the excise offset period has ended.

Integration with cycling and walking

Environment Victoria also believes that the integration of our public transport network with sufficient cycling and pedestrian infrastructure is essential. The Nous Group modeling detailed above indicates that a mode shift away from private motor vehicles will require both public transport and cycling and pedestrian alternatives.

Currently 40 percent of trips in Melbourne are less than 2km⁶. These figures suggest that a significant proportion of trips in Melbourne could easily be converted away from private transport towards cycling and walking. Further, many short trips are made to and from train stations. Due to increased patronage on our public transport system car parks located at suburban stations are overflowing and deterring passengers from using public transport. By investing in integrated public transport, cycling and pedestrian infrastructure the Federal Government could greatly increase the accessibility of railway and bus stations and increase the catchment for transport hubs.

It is important to note that both improvements to cycling and pedestrian infrastructure and our public passenger transport system will require a commitment to sustainable urban planning and land use. Without integration of transport planning across our land use and urban planning decision making, investment in public transport and sustainable transport alternatives will not have the optimal impact on mode shift and reducing emissions that would otherwise be possible.

⁶ Victorian Government, *Meeting Our Transport Challenges: Connecting Victorian Communities Overview*, 2006. Pg 10.

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D. Measures by which the Commonwealth Government could facilitate improvement in public passenger transport services and infrastructure

The number one concern for the Federal Government in improving public transport services and infrastructure must be in respect to funding. Australia's neglect of its public transport system means that much investment is needed to address the current public transport needs of our population, as well as to invest in a system that will serve us well into a carbon and oil constrained future.

Environment Victoria congratulates the Federal Government's development of the Building Australia Fund, to be administered by Infrastructure Australia, and hopes that this funding will be used to develop sustainable infrastructure projects that can act as both mitigation and adaptation infrastructure in an era of climate change. Environment Victoria was also encouraged by the announcement of the *Major Cities* unit within Infrastructure Australia, although changing the title of this unit to *Sustainable Cities* would better reflect the need for sustainability across our cities, and include rapidly growing regional centers into the development fold.

Given the need for public transport investment to include consideration of land use and urban planning to ensure sustainable development and optimal outcomes from investment, Environment Victoria recommends that public transport become a key focus of the *Major Cities* unit of Infrastructure Australia.

The Federal Government also has a role to play in governance and accountability of public transport operations. Many of the flaws in our current public transport system can be attributed to governance issues within individual State Government departments and between departments and operators. For a State Government to be eligible for funding from the Federal Government for public transport investment, the Federal Government must be satisfied that funding will be spent in the most cost-effective manner. Predicted costs of public transport expansion and infrastructure in the Victorian Government's *Victorian Transport Plan* are confusing and unjustified to say the least. The Federal Government department responsible for public transport investment would need to implement clear lines of accountability and publicly available information in order to justify funding distributions to State Governments.

E. The role of Commonwealth Government legislation, taxation, subsidies, policies and other mechanisms that either discourage or encourage public passenger transport

The Commonwealth Government's taxation system has a direct impact upon public transport patronage in Australia. The Henry Tax review set up by the Federal Government is due to report back in December 2009. Environment Victoria hopes that this review will make a series of key recommendations in relation to taxation mechanisms that serve to create an incentive for driving and a disincentive for public transport use.

In particular, the Fringe Benefits Tax (FBT), introduced in 1986, is an incentive toward private vehicle travel. The FBT is charged on all motor vehicles included in an employees' salary package over the FBT year, running from 1 April to 31 March. FBT is paid by the employer. Under the FBT formula, an employer will pay less FBT the more kilometers driven during the FBT year. This creates a direct incentive for employees to drive further during the FBT year to achieve a lower rate of taxation.

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This is a perverse incentive that acts against government priorities of reducing greenhouse gas emissions, let alone priorities involving reduced congestion and reduce obesity rates.

Novated leasing, whereby an employee leases a car and the employer agrees to take on the employee's obligations under the lease, paying the monthly lease rentals from the employee's pre-tax income creates an incentive for an employee to own and drive a car. Coupled with FBT, the incentives to drive a car rather than use public transport are considerable. Public transport fares do not receive a similar concession through the tax system, and it is not common practice for fares to be salary packaged to reduce the taxable income of employees.

The Federal Government has, and continues to support massive expansion of Australia's road network. By funding more road extensions in certain areas, the Federal government works to undermine the priority of creating mode shift towards public transport. A number of road project priorities highlighted in the *Victorian Transport Plan* are dependant on funding from the Federal Government. Many of these proposed road projects have been developed without similar investigation as to public transport alternatives that would reduce congestion and eliminate the need for the proposed road. If the Federal Government is serious about investing in Australia's transport choices, it must not commit to road investments where an alternative public transport project would meet broader government policies of reduced emissions and congestion.

F. Best practice international examples of public passenger transport services and infrastructure

Environment Victoria is unable to provide detailed assessment of best practice international examples of public passenger transport services and infrastructure. However Environment Victoria recommends that the Inquiry investigate examples of transport, and transport orientated design in:

- Portland and Vancouver, North America
- Zurich in Switzerland
- Berlin in Germany

For further information regarding this submission, please contact:

Victoria McKenzie-McHarg, Sustainable Transport Campaigner at Victoria@envict.org.au

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