

Premier

Level 11, Executive Building, 15 Murray Street, Hobart TAS
GPO Box 123, Hobart, TAS 7001 Australia
Ph +61 3 6233 3464 Fax +61 3 6234 1572
Email Premier@dpac.tas.gov.au Web www.premier.tas.gov.au



27 MAR 2009

Senator G Sterle
Chair
Senate Committee on Rural and Regional Affairs and Transport
PO Box 1600
Parliament House
CANBERRA ACT 2600

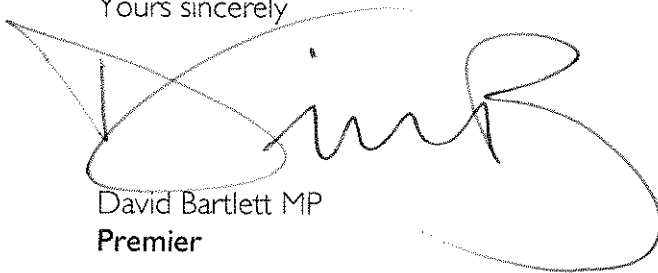
Dear Senator Sterle

I am writing in response to your letter of 3 February 2009 inviting the Tasmanian Government to make a written submission addressing the terms of reference of the Senate Committee on Rural and Regional Affairs and Transport's inquiry into the investment of Commonwealth and State funds in public passenger transport and services.

Please find enclosed the Tasmanian Government's submission to the inquiry.

Thank you for the opportunity to comment on this important issue. I look forward to hearing the outcomes of the inquiry.

Yours sincerely



David Bartlett MP
Premier

Submission by the Tasmanian Government

Senate Rural and Regional Affairs and Transport Committee

Inquiry into investment of

State and Commonwealth funds in
public passenger transport infrastructure
and services



Tasmania
Explore the possibilities

1. EXECUTIVE SUMMARY	4
2. INTRODUCTION	4
3. THE TASMANIAN PUBLIC TRANSPORT SYSTEM	5
3.1. BACKGROUND	5
3.2. CURRENT PUBLIC PASSENGER TRANSPORT SERVICES	6
3.2.1. Urban bus services	6
3.2.2. Non-urban bus services	6
3.2.3. Rural school bus services	7
3.2.4. Taxis	7
3.2.5. Community transport	8
3.2.6. Ferry services	9
4. CURRENT FUNDING	10
4.1. STATE GOVERNMENT INVESTMENT IN PUBLIC TRANSPORT	10
4.2. COMMONWEALTH FUNDING	11
4.2.1. HACC	11
4.2.2. Department of Veterans Affairs	11
4.2.3. Seatbelts for kids program	12
4.2.4. Seniors concessions	12
5. MODAL SHARE OF PUBLIC PASSENGER TRANSPORT IN TASMANIA	12
6. BENEFITS OF PUBLIC TRANSPORT	14
7. ROLE OF COMMONWEALTH GOVERNMENT	16
7.1. PROGRAMS	17
7.1.1. Seat belts in school buses	17
7.1.2. Senior's concessions	17
7.1.3. Community transport	17
7.1.4. Travel smart	18
7.2. IMPACT OF OTHER COMMONWEALTH GOVERNMENT PROGRAMS	18
7.2.1. Auslink	19
7.2.2. Infrastructure Australia	19
7.2.3. Carbon Pollution Reduction Scheme	20

7.2.4. Fringe Benefits Tax	20
7.2.5. Regulatory impacts	20
<u>8. POTENTIAL COMMONWEALTH INITIATIVES</u>	21
8.1. STRATEGIC DIRECTION	21
8.2. COMMONWEALTH INVESTMENT	22
8.3. RESEARCH AND DEVELOPMENT	22
8.4. INFRASTRUCTURE FUNDING	22
8.5. URBAN RENEWAL	22
8.6. CARBON POLLUTION REDUCTION SCHEME	22
8.7. TAXATION REFORM	23
8.8. ACCESSIBLE BUS SERVICES	23
8.9. COMMONWEALTH EMPLOYEE INCENTIVES	23
8.10. SCHOOL BUS FLEETS	23
8.11. COMMUNITY TRANSPORT	23

1. Executive Summary

Since Federation, public passenger transport has primarily been a responsibility of State and Territory Governments. The Commonwealth Government's involvement has been restricted to specific programs or projects that have generally been aimed at addressing specific concerns in the community. In the absence of an agreed strategic vision for national public transport issues between the Commonwealth, State and Territory Governments, the Commonwealth Government has been restricted in its ability to bring about meaningful change or progress in areas of concern.

Current Commonwealth Government expenditure on public passenger transport services remains focussed on meeting the needs of identified high need groups. It is the Tasmanian Government's view that State and Commonwealth Government support for transport disadvantaged individuals, while essential, should be delivered with a view to promoting a broader public passenger transport agenda that is inclusive, rather than exclusive. For rural and regional communities, in particular, there is the opportunity to leverage improved transport outcomes from existing funding and infrastructure.

Public passenger transport is also re-emerging as a preferred method of transport in urban areas. A range of pressures on use of the private car are converging to encourage greater use of both public transport and private non-motorised transport. It is essential that funding arrangements between the Commonwealth, State and Territory Governments recognise this change, and provide appropriate incentives and support to increase the opportunity to use alternatives to the private car.

2. Introduction

The Tasmanian Government welcomes the referral by the Australian Senate of this matter to the Rural and Regional Affairs and Transport Committee. The Tasmanian Government has undertaken extensive reforms in the management and funding of public passenger transport services over the last decade, and looks forward to building on these recent successes in partnership with the Australian Government.

This submission is separated into four sections:

- overview of the Tasmanian public passenger transport system, including funding;
- role of public passenger transport in meeting transport needs;

- observations on the impact of Commonwealth Government interventions on public passenger transport in Tasmania; and
- opportunities for the Commonwealth to facilitate improvement in public passenger transport services and infrastructure.

After considering the Terms of Reference (TOR) it is suggested that the Senate Inquiry also take into account the 1994 Industry Commission Inquiry Report *Urban Transport*.

3. The Tasmanian Public Transport System

The Tasmanian Government's primary objective in relation to passenger transport is the safe and efficient movement of people via public, commercial and private motorised vehicles. As manager of the State roads network, and regulator of motor vehicles, the Tasmanian Government has a critical role in all forms of motorised transport.

3.1. Background

The Tasmanian Government has been the direct provider of public transport services for over 100 years through the Tasmanian Government Railways, Green Line Coaches and the Metropolitan Transport Trust (now Metro Tasmania Pty Ltd). The Tasmanian Government has also had responsibility for the regulation of public transport delivered through privately operated taxi and bus services. Increasingly, community or not for profit transport services funded through the Commonwealth and Tasmanian Governments play a significant role in the overall passenger transport task.

Management of passenger transport has historically focussed on the individual transport types, rather than the total passenger transport system. The Tasmanian Government's ownership of separate regional rail and bus operators, and metropolitan rail and bus operators at different periods of the twentieth century, is indicative of this approach. This has resulted in a strict regulatory separation of public transport services into categories such as taxis, school buses, route bus services and community transport services. While the different services overlap one another extensively, the level of integration has been minimal.

As late as the mid-twentieth century, Tasmania had an extensive passenger rail network, which included a suburban rail service in Hobart and country rail services. In addition, both Hobart and Launceston were serviced by electric tram networks (Hobart's being the first to operate in the southern hemisphere). Tram services ceased to be provided in Launceston in 1952 and in Hobart in 1960. Hobart's suburban rail service ceased to operate in 1974.

Tasmania's last country passenger rail service, the Tasman Limited, which operated between Hobart and Wynyard, ceased to operate in 1978. By that time, Tasmania's rail network was being operated by Australian National Rail, owned by the Commonwealth Government.

The reduction and ultimate withdrawal of country and urban passenger rail services coincided with the growth in ownership of private cars. It also coincided with the increasing use of motor omnibuses to provide public passenger transport services.

3.2. Current public passenger transport services

Tasmania's current public passenger transport task is focussed on road-based services, supplemented by a limited number of water transport services.

Tasmania's bus services can be described based on five different service types:

3.2.1. Urban bus services

Metro Tasmania Pty Ltd (a State-owned company) and Mersey Bus and Coach Pty Ltd provide bus services in the four major metropolitan centres in Tasmania; Hobart, Launceston, Devonport, Burnie. The operators are paid an agreed amount for the delivery of a specified number of revenue kilometres and retain their fare box revenue. The operators receive approximately 70 per cent of their funding through contract payments from the Tasmanian Government.

Metro provides 637,000 timetabled or school services per year, travelling 10.4 million kilometres. At 30 June 2007, Metro operated a fleet of 213 buses. A further 10 500 services a year are provided by Mersey Bus and Coach in Devonport, carrying 330 000 passengers and using 13 buses.

Service standards have been developed by the Tasmanian Government to describe its expectations as to minimum service coverage, span and frequency in urban areas. These service standards are being implemented under current contracts which are for a term of five years, with an option to extend for a second term of five years.

3.2.2. Non-urban bus services

Metro Tasmania Pty Ltd, Mersey Bus and Coach Pty Ltd and 10 other private operators provide regional general access bus services. A further 40 provide dedicated student-only services, for which a fare is charged.

These services are generally described by reference to their area of operation:

- urban fringe- which provide links between peri-urban and commuter settlements into the major metropolitan centres;
- regional- which provide services within regional towns; and
- long distance- which link regional communities to the major metropolitan centres.

In contrast to other Australian jurisdictions, the Tasmanian Government has historically had a limited role in the delivery of non-urban bus services, other than dedicated school student services. Bus services were provided by operators who held passenger vehicle licenses, under which fares and timetables were set by agreement with the Tasmanian Government. The principal tool available to the Government to influence service delivery was the threat of introduction of competition where an identified community demand was not being met.

Funding of specific categories of concession passengers was undertaken as a matter of policy, and was never legally articulated until its addition to formal service contracts in 2002.

New service contracts have recently been signed with all operators for a period of 5+5 years. These contracts provide for the commercial delivery of services, with operators reliant on patronage for their revenue. The Tasmanian Government provides subsidies for the carriage of concession passengers, who are eligible for discounted fares. Direct subsidies are paid to support the delivery of services on some marginal routes.

Maximum fares are set by contract, with operators having discretion to move non-concession fares within a twenty-five percentage point band range, subject to their arrangements for multi-trip discount ticketing.

3.2.3. Rural school bus services

Free-to-user rural school bus services operate an average of 195 days a year, providing capacity for over 30,000 students per day and travelling 8.7 million kilometres a year. These services are fully funded by the Tasmanian Government.

3.2.4. Taxis

Taxis are part of the public transport sector and supplement services provided by mass transport providers, i.e. buses. For instance, they can provide transport outside normal operating times of other forms of transport and provide services in areas that are not served by other forms of public transport. They also provide transport to people who are unable to use buses and other forms of public transport. In this regard, the establishment of wheelchair

accessible taxis has been an important element in Tasmania's response to developing a fully accessible public transport system.

Active industry participants, including taxi operators, drivers, owner-operators, fleet managers, radio room staff and others involved in the day to day operations of the industry, have a major role to play in defining and delivering an efficient service that meets the needs of customers.

Operators may hold or own a licence in their own right, or they may lease a perpetual licence from another person. Operators are responsible for the maintenance of the vehicle and for the operating expenses of the vehicle such as fuel, registration and insurance. Some operators, who might own more than one vehicle, hire out their vehicles to bailee drivers under 'bailment' arrangements. Other operators drive their own vehicle (owner-operators) and they may hire it out to a bailee driver for the shifts they are not driving it.

Many taxi licence owners do not operate the licences they own; rather they lease them to an operator. About two-thirds of Tasmanian taxi licences are leased. In a lease arrangement, the lessee operator purchases, maintains and operates the taxi. The arrangements between licence owners and lessees, including the lease rates, are not regulated by the Government.

There are currently 450 standard licensed taxis in Tasmania and 50 are wheelchair accessible taxis (WATs). In preference to perpetual taxi licences, Tasmania has now moved to issuing owner-operator licences, which cannot be leased. The first tender of these licences occurred in November 2008.

3.2.5. Community transport

Community transport is a generic term used to describe passenger transport services that are provided to suit the specific needs of local communities or cohort groups within the community, for example frail elderly people, people with disabilities, people with mental health issues and their carers. The providers of this transport are usually charitable or not-for-profit organisations with the benefit of full, or partial, government funding. Community transport targets people needing transport assistance due to:

- **Locational transport disadvantage** – where there is little or no public transport. This is particularly the case outside metropolitan areas and in rural and remote communities.
- **Structural transport disadvantage** – where a person's mobility is affected by age, disability, frailty, poor health or language barriers.
- **Economic transport disadvantage** – where the cost of private or commercial transport is prohibitive relative to the person's travel needs and income

Community transport services generally have three distinctive characteristics:

- they operate at a local level;
- they assist, primarily, the transport disadvantaged, frail elderly and people with disabilities; and
- they are operated by non-profit organisations, voluntary groups, and local government.

There is generally a fee for travelling by to community transport that offers a subsidised rate which is similar to concessions available on commercial transport services. The fee may be waived or reduced for eligible passengers. Another key feature of many community transport providers is reliance on volunteer drivers.

The Tasmanian Government, through the non-emergency patient and Community Transport Services Project (NEPCTS), is also looking at how to improve access to community transport services for both HACC and non-HACC clients requiring access to transport enabling them to attend scheduled, non-emergency health related services.

3.2.6. Ferry services

Bass Strait creates a unique barrier in Australia in that it prevents the residents of Tasmania travelling to another State, and vice versa, by any means other than by a commercial transport provider. The TT-Line, a State-owned company, owns and operates the two car ferries operating between Devonport and Melbourne.

North West Shipping and Towing operate a vehicle ferry service from Kettering to Bruny Island. The ferry is funded by the State Government under a net contract with the operator, who retains all fares revenue. Categories of concessions are set by the State Government.

Smaller ferry services operate on the Derwent and Mersey Rivers. These services do not receive Government funding and provide transport for a very small number of passengers.

4. Current Funding

4.1. State Government investment in public transport

The State Government currently provides almost \$70 million a year to support the delivery of public passenger services in Tasmania. That funding is apportioned as follows:

Table 1: Tasmanian Government expenditure on public passenger transport 2008-09:

Budget area	Funding (\$m)
Urban bus services	30.143
Urban fringe, regional and long distance bus services	14.014
Rural bus services	18.075
Bruny Island Ferry	0.654
Conveyance Allowance (student)	0.851
Transport Access Scheme (taxi concessions)	3.279
HACC Transport	2.5
Total	69.516

This funding is invested in:

- providing concession support to passengers using timetabled bus services and taxis;
- funding the delivery of free-to-user rural school bus services and a conveyance allowance for students who do not have access to a school bus service;
- providing a net payment to the operators of urban bus services in Hobart, Launceston, Devonport and Burnie to meet the cost of delivering agreed service levels in those cities;
- supporting the delivery of the Bruny Island Ferry Service; and
- supporting the delivery of community transport services, through a range of community service providers. It is noted that no total is given for the broader category of this form of community transport given the various methods by which such services are directly and indirectly funded. Community transport funded by the HACC Program is by far the largest component of transport assistance provided by the Tasmanian Government, jointly with the Commonwealth Government.

Over the past six years the HACC Program in Tasmania has also provided over \$1.7 million in funding for new and replacement motor vehicles. These vehicles are purchased through the Whole of Government vehicle purchase contract.

4.2. Commonwealth funding

The Commonwealth Government does not directly fund the delivery of any public passenger transport services in Tasmania. The most significant recurrent expenditure that supports transport services is the funding provided through the Home and Community Care Program (HACC). Commonwealth agencies also support access to public transport services through a number of other schemes.

4.2.1. HACC

The HACC Program is a Commonwealth Government program that is funded jointly by the Commonwealth and Tasmanian Governments under a formal agreement. Its purpose is to provide funding for both government, and non-government organisations to deliver community care services. HACC provides the majority of funding for the community transport sector in Tasmania.

The HACC Program provides recurrent funding and provides assistance to over 5 000 individuals totalling in excess of 217 000 trips (a trip can be any distance from point A to point B).

Volunteers make a significant contribution to the provision of HACC funded community transport. No information is currently available on the value of the volunteer effort, on the level of support provided to volunteers in the form of reimbursement of expenses or on the level of investment in volunteer training. HACC funded community transport is also supported with paid drivers, medical checks, vehicle and driver accreditation, insurance, and advanced driver training.

4.2.2. Department of Veterans Affairs

The Department of Veterans Affairs (DVA) funds veterans' transport for a variety of purposes including attendance at medical appointments. These services are usually provided under a contractual arrangement. The DVA conducts a periodic tender for transport services from taxi and luxury hire car operators in Tasmania. The successful tenderers are called on to provide transport on an as needs basis.

While the DVA is not directly funding a transport service and does not operate vehicles or engage drivers, occasionally, veterans use community transport services. Veterans make

direct payment to the provider of that service according to the fees, fares or donations policy of the individual provider. The DVA reimburses veterans the amount of the fee or fare.

4.2.3. Seatbelts for kids program

The school bus seat belts program was instituted by the former Commonwealth Government, with \$10 million funding per year for four years.

This program was introduced to support the introduction of seat belt equipped school buses across Australia. The funding is allocated by an application process, with operators applying directly to the Commonwealth Government for the subsidy, with each successful applicant eligible for a maximum \$25 000 payment.

4.2.4. Seniors concessions

The Commonwealth Government has committed \$50 million to support concession fares for holders of seniors' cards travelling outside of their home states. Previously, each State applied its own policy as to whether seniors (persons aged over 60 and no longer in full-time work) were eligible for concession fares on public passenger transport. It is not yet apparent what proportion of this funding will be allocated to Tasmania.

5. Modal Share of Public Passenger Transport in Tasmania

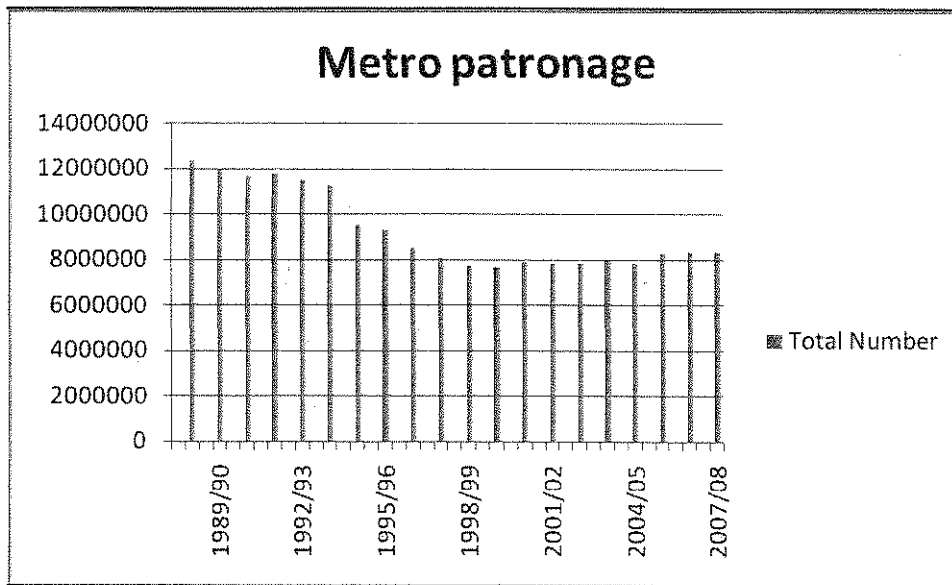
Within Tasmania, the types of journeys people seek to make and the complexity of those journeys differs depending on location and the type of settlement.

The single largest travel demand on bus services remains travel to and from school. While reasons for travel vary more widely amongst adult passengers, the high proportion of adult concession passengers as compared to full fare paying adult passengers in Tasmania is indicative of the diminished role of public transport since the rise of the private car.

Outside of greater Hobart, the proportion of people using public transport to travel to work in Tasmania is very low. However, public transport is a critical link for many in the community who would otherwise have very limited ability to meet their transport needs because of their age, socio-economic status or lack of access to a car. In particular, non-urban transport is an essential service for school students, young people travelling outside of school hours and people on fixed or low incomes. The high proportion of individuals receiving Government income support reinforces the ongoing need for viable public transport options in regional areas of Tasmania.

Within urban areas, the percentage of people using bus services to commute is higher than in non-urban areas, although the total number of people using public transport in urban areas decreased over the period 1991 to 2000. This downward trend was expected, with forecasting predicting a long term average decline of 2.5 per cent per annum. More recent years have seen patronage numbers fluctuate across all passenger categories.

Figure 1: Metro Tasmania Pty Ltd Total Patronage 1988-2008



The results of a 2007 survey undertaken in Hobart provides an indication of the most common reasons for catching a bus:

- 51% shopping;
- 37% work;
- 27% visiting friends;
- 27% business- banking etc;
- 21% health or welfare;
- 17% entertainment or performances;
- 7% school;
- 15% sport or recreation;

- 8% university or TAFE.

The above responses do not total 100% because respondents gave multiple responses.

The relatively high percentage of existing passengers using public transport for work in urban areas is not reflective of the general demand for public transport to support travel to and from work.

In the 2006 Census, trips by public transport accounted for less than 3.5 per cent of total journey-to-work trips across Tasmania. Some of the influences on this low level of demand include:

- the small dispersed population;
- growth in low density outer urban suburbs (people living and working in inner urban areas are more likely to walk or catch the bus than people living in outer-urban areas);
- absence of disincentives to commuting by car; and
- urban design.

Private vehicle ownership and kilometres travelled are forecast to increase over the long term. Past trends (1998 to 2006) saw a 14 per cent increase in the number of passenger vehicles, 17 per cent increase in total passenger vehicle kilometres travelled (VKT) and 15 per cent increase in average distances travelled.

The challenge for the Tasmanian Government lies in how:

- future demand for private car use is managed on a mature road network; and
- public passenger transport services should be designed and operated given the major influences on transport choices identified above, and the acknowledged dominance of the private car.

6. Benefits of public transport

The Tasmanian Government's community vision, *Tasmania Together*, describes, as one of its goals, a reasonable lifestyle and standard of living for all Tasmanians. One element of this goal is access to affordable and reliable transport, which is important for accessing

employment, services, recreation and housing (particularly relevant for public housing tenants who rely on public transport). There is an increasing need to focus on social inclusion through funding transport programs, systems and infrastructure that create opportunities for reciprocity and community connectedness.

Historically, the Tasmanian Government's principal objective for public transport has been to meet the essential travel needs of the community and, by doing so, mitigate some of the effects of socio-economic disadvantage.

This is done in two ways:

- investment in the public passenger transport sector by:
 - directly subsidising operators by contracting services; and
 - subsidising the cost of travel for individual passengers through concessions policy; and
- ensuring safety and consumer protection for passengers through regulation of service providers.

The Tasmanian Government also intends that public transport services in major urban centres should enhance the efficiency of Tasmania's urban transport systems, providing a transport option for niche markets of consumers with simple transport needs, such as school children and commuters.

Investment in bus services to meet social policy objectives complements other instruments of transport policy and can mitigate some of the negative externalities of private car use and improve the efficiency of urban transport infrastructure/systems by:

- reducing traffic congestion by displacing single occupant car journeys;
- reducing consumption of the road network to an extent that could potentially allow for the deferral or avoidance of infrastructure augmentation or maintenance; and
- reducing greenhouse emissions.

These externality benefits have not been accorded the same priority that they are in larger urban centres of other Australian jurisdictions. This reflects the different rate and duration of population and economic growth in larger centres that dictate a greater emphasis on the needs of commuters for public passenger transport. However, where infrastructure is

becoming a critical constraint on the Tasmanian road network at peak times, urban public transport will play an increasingly important role.

To complement the *Tasmania Together* initiative the Premier's Physical Activity Council was formed in June 2001 to address physical inactivity in Tasmania. This body aims to develop an approach to health and well-being that focuses on preventing poor health and encouraging healthy lifestyles.

Physical activity helps shape strong, vibrant and inclusive communities and whether you are a community organisation, work place, school, club, family, or individual, participation in physical activity can deliver many benefits. People who enjoy regular physical activity live longer, are less likely to have a heart attack or stroke and are less at risk of contracting bowel and other cancers. Despite these benefits, almost 70 per cent of Tasmanians undertake little or no significant physical activity.

Planning and funding initiatives for alternative transport infrastructure are likely, over an extended period, to result in a shift from reliance on the private motor vehicle in urban areas. Initiatives to provide better integration between bicycle and pedestrian infrastructure and new and existing public passenger transport services can contribute to improving levels of physical activity in the community.

7. Role of Commonwealth Government

The most significant observation about the Commonwealth Government's historic involvement in public transport in Tasmania is the fragmented approach that has been adopted in comparison to other areas of infrastructure funding, such as roads.

Grants have most commonly been through programs of limited scope and duration, such as the 'Better Cities' initiatives. This initiative enabled some bus operators in Tasmania to improve their bus fleets, but the improvement was localised and had little long term effect on bus fleet management for those operators.

Two initiatives described in this submission are further examples of narrowly drawn public passenger transport programs operated by the Commonwealth Government:

- seatbelts in school buses; and
- concessions for seniors cards holders.

In each of these cases, the initiative itself is welcome. However, both involve a commitment of funds to a discrete element of a larger policy challenge. In order to achieve enduring benefits and maximum efficiency, it may be better to consider alignment in strategic planning between the State and the Commonwealth Governments.

7.1. Programs

7.1.1. Seat belts in school buses

Every Australian jurisdiction has considered the issue of seat belt equipped buses, and the decisions taken by those Governments represent their reasonable assessment of the problem to be resolved. Most States have adopted a risk-based approach to vehicle upgrading. In Tasmania's case, the State Government now requires all new contracted buses under 25 seats to be seat belt equipped. The Government is monitoring the situation with regard to larger vehicles. Tasmania has historically operated older vehicles as rural school buses and given the age profile of those vehicles, the first priority is to ensure that newer replacement vehicles enter operation.

While promoting seat belts is desirable, given the fleet profile in Tasmania, many existing buses are not eligible under the terms of the Commonwealth program. In order to maintain the excellent safety record of the school bus fleet, the Tasmanian Government would support a broader strategy addressing long-term vehicle replacement in Australia.

7.1.2. Senior's concessions

Similarly, the recent introduction of a nationally funded Senior's discount is illustrative of a narrowly-drawn program with potential to create disparities, rather than reflecting a nationally based approach to concessions policy generally. The provision of transport concessions is an important element in the social inclusion policies of every State Government. Targeting Seniors as a group in isolation brings with it issues around social equity, and the extension of equivalent rights to other groups, such as the unemployed and some categories of Health Care Card Holders, who currently do not enjoy the same right of access to concession fares in all jurisdictions.

7.1.3. Community transport

An exception to the previous comments is in the field of community transport. The Commonwealth Government provides a significant proportion of the funding for Home and Community Care services, which provide a range of services including transport services.

Public passenger transport services are being developed through a number of different programs, and current funding arrangements exacerbate the difficulties associated with co-ordinating separately administered services. . Separation between health funded, and other State funded services, is reinforced by Commonwealth restrictions on utilisation of funding. Particularly in remote and regional areas of Tasmania, commercial passenger transport is a marginal exercise. Provision of transport solutions aimed at a sub-group of the community risks isolating those who fall outside of the criteria for that program. A further consequence is the need for higher subsidies to commercial transport providers serving a diminished client base and less effective use of a given quantity of public funds (across all levels of Government).

The Tasmanian Government has taken steps to reduce the separation between different types of publicly funded transport services. This has seen the development of a 'general access' model for regional transport, in place of historic 'student only' services, which is then supported by a mixture of community and commercial services targeting specific sectors of the community.

It is acknowledged that some transport tasks are best addressed by a specific response, and transport of people with complex needs or limited mobility, are clearly cases in point. However, flexibility for making these decisions should be placed at a local level, where transport solutions can be tailored to local needs.

7.1.4. Travel smart

In contrast to these are longer term programs that have flourished in other States such as the Travel smart program, which Tasmania is currently investigating for further development. In this case, we have an example of the Commonwealth supporting the national expansion of a program developed and tested in one State, that was clearly transferrable across Australia. The Travel Demand Management Initiative has a long term focus, can be tailored by individual States to suit local conditions and complements other public transport initiatives.

Tasmania would welcome the Commonwealth taking a greater role in working through public transport issues of national significance, but this needs to be done in co-operation with the States, rather than by targeting individual and sometimes unrelated issues for attention.

7.2. Impact of other Commonwealth Government programs

The ongoing, major commitment of the Commonwealth Government to funding roads and other fixed infrastructure projects of national importance is an example of a coordinated, strategic approach of a type which could only benefit public transport. The Tasmanian

Government would welcome adoption of a similar direction for public transport at a national level.

7.2.1. Auslink

The major transport infrastructure programs supported by the Commonwealth have been through the Auslink and Roads to Recovery programs. In the Tasmanian context, these programs have primarily focussed on the freight capacity of Tasmania's road and rail network.

Tasmania has identified sections of its Auslink Corridor that are currently at capacity, or will reach capacity in the foreseeable future, which include critical elements of urban road networks.

To date, the structure of this process has not effectively provided for consideration of non-infrastructure based responses to transport problems. As each Australian jurisdiction faces the challenge of increasing proportions of their urban road network reaching or exceeding capacity, consideration of alternative responses should be a key element of any assessment process.

7.2.2. Infrastructure Australia

The establishment of Infrastructure Australia, and its development of a priority list of infrastructure projects, is an opportunity to consider non-fixed infrastructure based solutions to transport problems.

The methodology adopted by Infrastructure Australia to determine infrastructure priorities suggests that a holistic approach will be taken by the Commonwealth in the assessment process. For Tasmania, road freight will continue to be a dominant consideration in its infrastructure funding program. However, it is recognised that the growth in private car use, in urban and urban fringe areas, cannot be addressed by an ever-expanding road network.

The Tasmanian Government has responded to this concern by establishing an Urban Transport Study to consider alternative methods of managing Tasmania's future passenger transport task. Given that these options are likely to include a greater role for public transport, it is essential that alternatives to road infrastructure proposals, such as public transport options, are given equal status in considerations of future infrastructure funding.

Infrastructure Australia has not yet made its recommendations as to priority infrastructure projects. However, it is noted that a significant number of submissions made to Infrastructure Australia refer to the need for greater investment in public transport infrastructure and services.

7.2.3. Carbon Pollution Reduction Scheme

The Carbon Pollution Reduction Scheme (CPRS) will require a complete change in the way our community approaches its use of carbon based fuels. Transport contributes approximately 14 per cent of Australia's emissions. In Tasmania, that figure is approximately 22 per cent. Given these statistics, and that public transport is a relatively low emissions intensive mode of transport compared to private motor vehicles, there is an expectation that public transport will play an increasing role in the passenger transport task.

However, the Australian Government proposes to offset increases in fuel costs during the transition phase of a carbon trading scheme with deductions in fuel tax. This transition means that there will be no price signals for at least the first three years of operation of the CPRS to encourage modal shift. In the absence of price signals, a window of opportunity is available to develop and promote alternatives to car based travel for an increasing number of current car drivers. In such an environment, alternative forms of transport will need to be heavily promoted and other price signals considered to encourage reduced car usage prior to the full effects of CPRS fuel costs impacting on transport choices.

7.2.4. Fringe Benefits Tax

Fringe Benefits Tax is the most significant Commonwealth supported incentive for use of private cars.

The issues associated with Fringe Benefit Tax concessions available for private car use have been the subject of many submissions and reports to date. Tasmania again endorses the move to, at least, extend current Fringe Benefit Tax concessions to public transport costs, to enable employers and employees to make informed decisions on salary packaging options.

It may also be appropriate to consider a longer term strategy to reduce the Fringe Benefit Tax concessions, or restrict their application, for use of private vehicles. In conjunction with changes in costs of fuel arising from the CPRS, these would appear to be the two most powerful tools the Commonwealth Government will have at its disposal to influence the cost of private car use, and by implication, the demand for public transport alternatives.

7.2.5. Regulatory impacts

The most significant recent addition to Commonwealth legislation that has impacted on public passenger transport has been the *Disability Standards for Accessible Public Transport 2002*.

The introduction of these Standards was officially endorsed by Tasmania on the understanding that the cost of implementation would be supported by the Commonwealth Government. However, no funding commitment of this nature has ever been fulfilled by the Commonwealth Government. As a result, Tasmania has endeavoured to meet the

accessibility targets enforced by a Commonwealth Agency, but without any financial assistance from the Commonwealth.

Compliance with the Standards has led to the introduction of wheelchair accessible taxis, which have become an essential component in Tasmania's accessible transport network. It has also necessitated significant investment in bus capital to provide accessible vehicles on timetabled bus services. This, in turn, has reduced funding available to support service development. Furthermore, the complexity of the compliance regime has inhibited the expansion of regional and rural transport networks, where small operators are reluctant to commence new services and the use of spare capacity on existing school bus services brings with it a higher compliance costs.

The Tasmanian Government fully supports the initiative the Commonwealth Government has taken in championing long overdue reform in developing accessible public transport. However, the absence of funding commitment and guidance for transport providers and operators has frustrated the process. This frustration is exacerbated by the extended delay in the completion of the Final Report from the Review of the Disability Standards for Accessible Public Transport, which has created further uncertainty for providers and operators. This report was due to be completed mid-2008, but is unfinished at the time of writing.

8. Potential Commonwealth Initiatives

8.1. Strategic direction

The Commonwealth Government, in conjunction with the State and Territory Governments,

- establishes a national vision for public transport, which clearly identifies and articulates the Commonwealth Government's areas of interest, and the role the Commonwealth Government will take on specific public transport issues and which takes into account the impact on public and private transport of the CPRS;
- recognises the potential for all Commonwealth portfolio areas to have an impact on State and Territory passenger transport systems and financial arrangements and make better use of existing national bodies to coordinate delivery of public transport initiatives of national importance;
- ensures that the particular circumstances of Tasmania are taken into account, particularly in relation to its high proportion of income support recipients and its high proportion of carbon emissions from the transport sector relative to other jurisdictions.

8.2. Commonwealth Investment

The Commonwealth Government assess its current investment strategies to ensure that its role complements the function of State and Territory Governments in delivering public transport services, and does not create overlapping or parallel services or infrastructure.

8.3. Research and Development

The Commonwealth Government prioritise funding for research and development into alternative passenger transport options, including supporting research into the use of non-fossil fuel based transport options.

8.4. Infrastructure Funding

As part of its infrastructure strategy, the Commonwealth Government considers public transport alternatives to mitigate the cost of infrastructure projects, and commits to funding alternative non-infrastructure based options where such alternatives are demonstrated to be capable of delivering the desired transport outcome.

8.5. Urban renewal

The Commonwealth Government provide specific funding opportunities to encourage urban renewal based around public passenger transport initiatives, and integration of public transport and non-motorised private transport.

8.6. Carbon Pollution Reduction Scheme

That, in conjunction with the transition to a CPRS determined fuel price, the Commonwealth Government develop an alternative transport funding program to support the expansion of cost effective alternatives to the private car, together with a long term public education and publicity campaign to inform people of the need to change away from unsustainable use of the private motor vehicle.

8.7. Taxation reform

That Fringe Benefit Tax concessions be extended to pre-paid public transport fares (eg multi-trip tickets).

That a strategy is developed for long term removal of Fringe Benefit Tax concessions for private cars.

8.8. Accessible Bus Services

That the Commonwealth Government provides financial support for the introduction of accessible bus services, including supporting State and Local Governments in the development of off bus infrastructure.

8.9. Commonwealth Employee incentives

That the Commonwealth Government introduces appropriate incentives for Commonwealth employees to use alternative forms of transport to the private car.

8.10. School bus fleets

That the Commonwealth consider supporting a broader national strategy to address school bus replacement, incorporating existing initiatives such as the Seat Belts in School Buses Community Transport

8.11. Community Transport

As a significant component of public passenger transport it is suggested that the Commonwealth Government ensure that there is an ongoing financial commitment to enable/encourage volunteer participation for the provision of a viable and sustainable community transport service into the future.



Tasmania
Explore the possibilities

Passenger Transport Division

Department of Infrastructure, Energy
and Resources

GPO Box 936, Hobart 7001

Ph: (03) 6233 3017

Visit: