



Municipal Association of Victoria

**Submission to the Senate Standing Committee on
Rural and Regional Affairs and Transport**

**Inquiry into the investment of Commonwealth
and State funds in public passenger transport
infrastructure and services**

March 2009

This submission has been prepared by the Municipal Association of Victoria (MAV) for the Senate Standing Committee on Rural and Regional Affairs and Transport of the Australian Parliament, for its inquiry into public passenger transport infrastructure and services.

The MAV is the statutory peak body for local government in Victoria, representing all 79 municipal councils within the state.

This paper has been prepared by the MAV officers in consultation with the MAV members and has not been endorsed by the MAV Board.

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Introduction

The Municipal Association of Victoria (MAV) welcomes the opportunity to provide a submission to the Commonwealth Senate Standing Committee on Rural and Regional Affairs and Transport's *Inquiry into the investment of Commonwealth and State funds in public passenger transport infrastructure and services*.

In preparing this submission, the MAV has consulted with its member councils. Further information on any issue discussed in this submission is available upon request.

Councils have increasingly been involved in policy issues relating to public transport. While the State Government is responsible for the provision of public transport infrastructure such as rail lines, and for developing relevant policy and regulations, councils have a significant responsibility in lobbying the State for transport outcomes that meet the needs of their communities. Many councils also provide and/or fund local community transport services and directly provide infrastructure to support active transport, such as walking and bicycle paths.

This direct advocacy and involvement in public transport means that Victorian councils are important stakeholders for this mode. The MAV has undertaken significant policy work in developing strategic objectives for transport issues. These objectives, which have been endorsed by Victorian councils, clearly prioritise public and other active transport modes above private vehicles use. These are outlined further below.

Local government in Victoria

The MAV is the peak body for local government in Victoria and acts as a facilitator of local capacity development and as an information hub for Victorian councils on a wide range of issues.

Local government plays a significant role in influencing economies and communities by providing services and infrastructure at the local level. Local government in Victoria comprises 79 municipalities, with 31 in the metropolitan area and 48 in rural and regional settings (including 10 regional cities).

Municipalities vary in size, rate base, infrastructure and resources, as evidenced by their disparate financial capacity:

- rural council budgets average \$34 million per annum (smallest is approximately \$6 million); and
- metropolitan council budgets average \$97 million per annum (largest is approximately \$312 million).

While capacity varies throughout the sector, the significance of local government to Victoria's economy is demonstrated by the sector's total yearly revenue exceeding \$5 billion. Furthermore, councils are responsible for \$47.7 billion of Victoria's assets, including approximately 85 per cent of Victoria's total road network.

Local government and public passenger transport

At present, public transport challenges confronting Victoria are being driven by a range of pressures, including an awareness of the transport sector's contribution to Victoria's greenhouse gas (GHG) emissions, an expanding population and subsequent traffic congestion, and higher demand for public transport services. These issues have raised key questions about the liveability and sustainable growth of Victoria and have become important policy drivers in improving the transport system.

Local government plays a critical role in providing and maintaining transport infrastructure at the local level. Councils take a proactive approach in addressing transport challenges in their municipal areas and often implement innovative responses. As the managers of approximately 85 per cent of Victoria's road network, councils work to ensure local roads, bicycle paths and pedestrian paths are maintained to a standard that is safe for their communities.

Given their grass roots connection to communities and proactive approach in addressing environmental and sustainability issues, councils are well placed to encourage behaviour change programs such as the TravelSmart and Local Area Access Programs run by the Victorian Department of Transport.

However, finite resources within councils to prepare grant funding submissions along with the limited funding available from the Department for such programs, inevitably restricts the number of communities that actually benefit from these highly valuable initiatives. With a wide and varied scope of responsibilities in the transport sector, councils continually struggle to meet the needs of their communities and will come under greater pressure in the near future to provide transport alternatives to the car as the costs of living rise and environmental concerns gain greater traction in mainstream forums.

Discussion

In July 2008 with the impending release of the Victorian Government's Transport Plan, the establishment of Infrastructure Australia and nation-wide discussion surrounding the proposed Carbon Pollution Reduction Scheme, the MAV developed a Transport Position Paper (TPP) to outline the key transport issues of importance to local government in Victoria. Based on seven strategic objectives, this position paper is the culmination of extensive consultation with Victoria's 79 councils and captures the most pertinent issues and challenges for councils in the transport sector.

To provide committee members some introductory insight to council views on current passenger transport issues and challenges in Victoria, a snap shot of the objectives contained in the TPP have been outlined at the commencement of this discussion. This will result in a slight re-ordering of the inquiry's questions as they were originally posed in the committee's terms of reference. A complete version of the TPP, which was endorsed by the Victorian local government at the MAV's State Council meeting in October 2008, is available upon request.

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

The Victorian local government sector advocates for a transport system that is based on the following seven strategic objectives:

Environment and climate change

Local government supports environmentally sustainable passenger and freight transport networks that prioritise the reduction of transport-related greenhouse gas emissions and improve our local environment.

The transport sector currently contributes approximately 16 per cent to Victoria's total GHG emissions.¹ The former Australian Greenhouse Office cited road transportation as the largest contributor to transport sector emissions. Passenger cars were expected to produce 56 per cent of Victoria's projected emissions in 2008. Trucks and light commercial vehicles are significant contributors, producing 25 per cent of Victoria's total projected transport GHG emissions of 21 million tonnes.² Additional externalities generated from transport activities include water and air pollution, both of which add significantly to the environmental cost of transportation. The provision of public transport infrastructure, powered by a combination of energy sources, is crucial to reducing Victoria's GHG footprint and to reducing the number of cars on Victoria's roads.

Modal shift

Local government supports a transport system that prioritises the movement of people and goods in a way that reduces the number of private and commercial vehicles on Victorian roads.

¹ EPA Victoria, 'Australia and Victoria's greenhouse gas emissions,' <http://www.epa.vic.gov.au/greenhouse/australia-victoria-emissions.asp>, 9 September 2008.

² Australian Greenhouse Office (2006): Victorian Greenhouse Gas Inventory 2004, Department of Environment and Heritage, Australian Government, Canberra.

The combined pressures of alleviating traffic congestion, reducing reliance on fossil fuels, reducing transport-related GHG emissions and other externalities are the core drivers of this objective.

The costs of urban traffic congestion provide clear evidence of the need to reduce the number of private occupant vehicles on Victorian roads. In 2007 the Bureau of Transport and Regional Economics (BTRE, now BITRE) estimated the social costs³ of congestion in 2005 for Australia were approximately \$9.4 billion, with Melbourne accounting for around \$3 billion of this total (second highest after Sydney at about \$3.5 billion). Over the 15 years from 2005-2020, these costs are expected to more than double (using the base case scenario for future traffic volumes), with Melbourne's per annum costs expected to grow to \$6.1 billion by 2020.⁴ In addition to the environmental costs of stationary vehicles emitting GHGs and other pollutants, the rising economic costs of congestion to Victorian businesses highlights the urgent need to invest in long-term public transport and other active transport solutions that will ameliorate current conditions and provide for the efficient movements of an expanding population and freight task.

Equity and access

Local government calls for a transport system that is inclusive of older people, people with disabilities and Victorians who live in areas that are poorly serviced by public transport.

Some of the access barriers people face in moving about their communities relate to location, physical disabilities and other forms of disadvantage. This equity and access objective outlines the need for a transport system in Victoria that caters for the diverse needs of the population. The MAV believes all Victorians should have affordable transport options, irrespective of age, disability or place of residence.

Recognition of cycling and walking

Local government calls for the acknowledgement of cycling and walking as distinct traffic categories and supports the need for appropriate cycling and walking infrastructure.

Active transport modes, cycling and walking, are the most environmentally sustainable forms of transport. For people with full mobility that have a short to medium travel distance, cycling and walking are also the most cost-effective transport options. This objective seeks to attract recognition for cycling and walking in the same way that other transport modes such as trams and cars are recognised, to redress the current road space imbalance, which has traditionally favoured motor vehicles. Subsequently, road space should be allocated to cyclists and pedestrians to cater for the high volume of people using these modes and to ensure the safe passage of all road users.

Councils are well aware of the health, environmental and financial benefits to their residents of cycling and walking. As a result, councils are active in directly providing and lobbying the State for safer and more widespread cycling and walking

³ Comprising private time costs, business time costs, extra vehicle operating costs and extra air pollution damage costs.

⁴ Commonwealth of Australia, Bureau of Transport and Regional Economics, Working Paper No 71, "Estimating urban traffic and congestion costs trends for Australian cities", 2007, <http://www.bitre.gov.au/publications/49/Files/wp71.pdf>.

infrastructure. With rising levels of obesity among all age groups, the promotion of active transport should be foremost in the minds of transport and urban planners.

The evidence of cycling growth in Melbourne is significant with a 43 per cent increase in the number of people riding their bikes to work between the 2001 and 2006 Census data collection periods.⁵ As well, walking has always been and will remain, a fundamental mode of transport on which all other modes depend to varying degrees. Walking by itself can satisfy short distance trips and walking at the beginning and end of trips is central to passenger transport modes and at modal interchanges.

Integration of passenger and active transport modes is essential for achieving connectivity of public transport services and for reducing journey travel times. Due to current over crowding on train and tram services, the transportation of bicycles for use at the beginning and end of journeys is often difficult during peak commuter times. In the effort to improve the convenience and popularity of the public transport network, these issues must be urgently addressed.

The MAV believes acknowledgement of cycling as a distinct traffic category would deliver better protection on the road for cyclists and greater facilities and infrastructure for cycling.

Integrated long-term planning

Local government supports the integration of long-term transport and land use planning at the local, state and national levels.

Planning allows people to make informed decisions about the future, and assists councils plan for the current and future needs of their communities. The integration of transport and land use planning is critical to reducing the need to travel, improving access to services and employment and for reducing car dependency. These factors all contribute to liveable and sustainable communities. To achieve this requires sound urban planning at both a strategic (long term) and statutory (day-to-day) level. Well serviced, connected communities that enjoy high quality of life will not be achieved without greater collaboration, clear long-term plans and a shared commitment to implementation across all levels of government.

Transport oriented development is a key component of sustainable communities with reduced emphasis on the car providing the opportunity to raise the profile of accessible and convenient public transport services. Densification of dwellings around key transport nodes is the most sustainable way to accommodate rapidly expanding populations in inner city areas.

Economic efficiency

Local government recognises the importance of efficient freight and passenger transport systems throughout Victoria to enable a healthy and thriving economy.

As outlined in objective two, congestion severely restricts traffic flow and, therefore, the efficient movement of human capital and goods, particularly on the central city and inner urban road networks. Just as the efficient movement of goods is key to Victoria's productivity, so too is the efficient movement of people. Public transport is used for commuting to places of employment, study and for other business and recreational purposes. As such, a public transport system that provides frequent

⁵ Australian Bureau of Statistics, 'Census 2006: Method of Travel to Work,' Commonwealth of Australia, Canberra, www.abs.gov.au.

bus, train and tram services is fundamental to a thriving and economically buoyant city.

Overcrowding on services and dips in service reliability can discourage use and generally reduces the overall efficiency of the network. The local government sector welcomes ongoing investment in the public transport system, including extension of services in outer metropolitan Melbourne and greater transport options for rural and regional Victoria, to ensure efficient passenger transport that will rival and eventually reduce private car usage.

Ongoing public transport investment

Local government supports ongoing upgrades to existing public transport infrastructure and the provision of new infrastructure to enable healthy and connected communities.

The provision of new public transport infrastructure and service improvements to existing infrastructure as required will warrant substantial investment over the coming decades. The mapping of population growth and other relevant statistical information will be important for planning new services and extending existing train lines and bus and tram routes. Physical connectivity through the efficient and affordable movement of people is fundamental to quality of life considerations and also to the productive output of businesses as people are a valuable and often indispensable resource.

While Melbourne is a popular destination for regional fast train passengers and particularly for people that commute to Melbourne for work, it is not the desired destination for all passengers. Opportunity exists for the expansion of public transport services outside of Melbourne, for example, there may be merit in providing more localised V/Line train services that run between key regional centres rather than Melbourne being the departure or arrival hub.

While there is already a shortage of rolling stock in Victoria, significant investment in both the metropolitan and regional transport networks is required to satisfy rising demand for public transport and to seriously address mounting environmental challenges. Incremental and piecemeal investment in public transport will not serve Victoria in to the future.

An audit of the state of public passenger transport in Australia

In order to provide Committee members insight to the state of public transport in Victoria, it is valuable to examine current patronage demand and key challenges for the provision of public transport services in Melbourne and Victoria.

Patronage demand

Significant growth in patronage across Melbourne's public transport network during 2007-08 posed great challenges for the Victorian government.

In Melbourne, 1.5 million trips are made each day on all modes of public transport. Of these trips, trains carry 45.2 per cent of total passengers, trams carry 35.5 per cent and buses 19.3 per cent.

According to figures released by the Victorian government in August 2008, patronage increased on all modes of public transport during the 2007-08 financial year, resulting in 450.8 million trips made.⁶

Rising demand for public transport services fuelled by increased fuel prices, population growth and other social and environmental considerations has placed Melbourne's public transport network under great pressure, causing capacity constraints in peak times. Unprecedented heat waves in January-February 2009 also exposed the inability of public transport infrastructure to cope with weather above a certain temperature, raising questions of how Melbourne's public transport system will cope if the predicted increases in extreme weather events due to climate change occur. This limitation of the train system's operational tolerance to weather raises important issues around what future investment should be prioritised – expanding the network through extensions or improving system reliability and operational tolerances.

Growth of public transport services throughout 2007-08

Metropolitan bus

Travel grew by 7.4 per cent during the 2007-08 financial year with 6.3 million more trips made in 2007-08 than the previous year. The number of passenger trips for this period totalled 91.3 million.⁷

Rural / Regional bus

V/Line is Victoria's regional transport provider and runs approximately 600 coach services throughout the state every week. During 2006-07 V/Line transported 9.37 million customers, of which 521,000 passengers travelled by coach.⁸

Metropolitan trains

In August 2008, Premier Brumby announced that passenger trips on metropolitan trains had reached 201.2 million during 2007-2008, equating to 12.7 per cent growth over the year.

Rural / Regional trains

V/Line provides approximately 1400 train services to rural and regional passengers every week. During 2007-08, V/Line transported 9.37 million customers, 8.85 million of which were rail passengers.⁹ From 2005-06, V/Line patronage grew by 63 per cent, achieving a 60-year record high, which the operator attributed to a combination of reduced fares and rising petrol prices.

⁶ Department of Transport, "Passenger numbers continue to grow on Melbourne's public transport network," 20 August 2008, www.transport.vic.gov.au.

⁷ Department of Transport, "Passenger numbers continue to grow on Melbourne's public transport network," 20 August 2008, www.transport.vic.gov.au.

⁸ V/Line website, 'About Us', <http://www.vline.com.au/about/news/en/12/157/article.aspx>, 12 September 2008.

⁹ V/Line, 'About Us', <http://www.vline.com.au/about/news/en/12/157/article.aspx>.

Metropolitan trams

The 2007-08 period recorded 3.4 million trips more than the previous period with 158.3 million trips made.¹⁰

Public transport challenges

Local government has consistently supported and advocated for the upgrade and extension of public transport services, particularly for areas beyond the reach of Melbourne's well-served inner suburbs and for rural and regional communities. Some of the key challenges for policy makers in accommodating heightened demand for public transport services are outlined below.

Population Growth

Higher than anticipated population growth has been a contributing factor to capacity challenges on both the metropolitan and regional passenger networks. Recent population and household projections as outlined in the Government's *Victoria in Future 2008* report predict that Victoria's population will increase from 5.13 million in 2006 to 7.40 million by 2036, amounting to an increase of 2.27 million people, or an increase of 44.2 per cent.¹¹ According to current projections, the number of people that are likely to call Melbourne (CBD and outer growth areas) home by 2036 is close to five million.¹²

The housing requirements for an expanding population led, in March 2008, to the extension of Melbourne's urban growth boundary (UGB) and the release by the Victorian Government of new land for housing development. The location of the new land, in growth areas of outer Melbourne will pose significant transport challenges for newly developed communities.

Without considerable investment in public transport infrastructure, motor vehicles will be the dominant mode of travel for newly developed communities, effectively contributing to the already significant proportion of Victorians that experience disadvantage due to a lack of public transport.

In areas of outer Melbourne and pockets of Victoria more widely, the failure to invest in public transport infrastructure over the past 40 years has created the situation whereby many communities have no access or minimal access to public transport and subsequently rely on multiple car households. This reality highlights significant social equity concerns, particularly in light of the rising costs of living and environmental pressures for Victorians to reduce their environmental footprints.

The State Government's Victorian Transport Plan has allocated considerable resources to the provision of new transport infrastructure, however, scarce resources have inevitably resulted in areas of the state missing out. In addition, many of the

¹⁰ Mary Bolting, "Commuters' fit of peak," *Herald Sun*, 29 August 2008, p 11.

¹¹ Victorian Government Department of Planning and Community Development, *Victoria in Future 2008*, <http://www.dse.vic.gov.au/DSE/dsenres.nsf/LinkView/BD4EF8A400A9E6DECA256D8D00151A4F775206E3E0281595CA256F0E0013C1FB>, 26 February 2009.

¹² Victorian Government Department of Planning and Community Development, *Victoria in Future 2008*, <http://www.dse.vic.gov.au/DSE/dsenres.nsf/LinkView/BD4EF8A400A9E6DECA256D8D00151A4F775206E3E0281595CA256F0E0013C1FB>, 26 February 2009.

priorities in the plan rely on Commonwealth contributions through the Building Australia fund.

Rural and regional transport

In rural and regional areas, under-investment in transport services linking neighbouring towns continues to prevent residents of these areas from accessing employment, health and educational opportunities, which are readily available in other areas of Victoria. Public transport, wherever you live, is a fundamental enabler to realising opportunity and should therefore be a universal service.

While considerable growth has been recorded on the V/Line regional fast rail corridors of Geelong, Ballarat, Bendigo and Traralgon during 2007-08, there are large pockets of Victorians that do not live within the vicinity of the regional fast rail network, nor a V/Line coach service and thus, are reliant on private transport or in the case of many disadvantaged Victorians, on the community transport services provided by rural and regional councils. As will be detailed in the section below, the costs to councils of providing these services, which have arisen as a direct result of the gaps in state government transport planning, are significant and rising.

While the regional fast train network provides transport options for people in regional cities, greater frequency of coach services between small rural towns is required to better connect communities and to reduce widespread transport inequity. There are no easy or inexpensive solutions for improving the transport options for rural and regional Victoria.

Mobility

Access to all forms of public transport for people with disabilities remains an ongoing challenge. At present, people with mobility difficulties have limited access to public transport as not all services comply with the Disability Discrimination Act (DDA) (equipped with low floor vehicles and access ramps).

Current overcrowding on trams and particularly trains makes access especially difficult for people with mobility aids, e.g. scooters and wheelchairs, as well as people with prams and bikes. People who use mobility devices and reside beyond the relatively better serviced inner areas of Melbourne are often forced to rely on a limited number of specially equipped taxis or community transport services.

While the retro-fitting of old transport infrastructure to comply with DDA requirements is costly, it is unacceptable that people are denied basic mobility due to the design features of public transport vehicles. Every effort must be taken at all levels of government to improve the accessibility to all modes of public transport for people with disabilities.

Community Transport

Community transport, which is not recognised as an element of the state's transport system or funded by the State Government is another form of passenger transport. Community transport refers to a sector that is funded by councils, community and not-for-profit agencies to provide transport services for people who experience transport disadvantage because they:

- Live in areas where public transport and taxi services are unviable due to low population density/isolation;

- Require door-to-door transport but are unable to afford taxis (that is, travel frequently or long distances);
- Have a physical disability;
- Have dementia or cognitive impairments;
- Speak a language other than English;
- Have extremely low disposable income such as people living in Supported Residential Services;
- Have complex disabilities, especially barriers to communication or behavioural issues; or
- Are very frail and require physical assistance.¹³

Community transport is a significant social and financial challenge for councils and communities in Victoria and fills a critical gap in State provided passenger transport infrastructure. For many years the community transport sector has provided an invaluable service to some of Victoria's most transport disadvantaged citizens.

A recent investigation by the MAV into the resources required to deliver these services found that the local government sector currently spends approximately \$5.8 million per annum on administering community transport programs throughout Victoria. This is a conservative estimate which grows to approximately \$21.3 million if the costs of vehicles and contributions to other community transport services are added. While these figures are estimates, the size of these figures highlights the extent of demand that exists within Victorian communities for passenger transport systems currently not provided by the State.

Community transport services have arisen in response to local unmet transport needs. Rural and remote communities located outside the boundaries of the regional rail network and distant from V/Line coach services rely on their community transport network to access essential services such as health, educational and recreational facilities.

The provision of community transport is under pressure with petrol price rises and a lack of secure funding for the purchase, maintenance and accreditation of vehicles, as well as appropriate insurance and liability cover. With approximately 1.3 million Victorians located in regional, rural and remote areas, demand for community transport, particularly as the state's population expands and ages, will continue to rise.

To be viable, the community transport sector needs funding commitments that sustain and establish appropriate forms of community transport (including taxis) services to meet local area needs across Victoria.

Rising environmental concerns and the urgent need to reduce non-essential private car travel highlights the critical action needed to provide communities with transport alternatives to motor vehicles. Communities must have transport choices in order to reduce the ecological footprint associated with their daily movement. The MAV believes the Commonwealth is well placed to guide discussions and provide financial assistance to both state and local government to lead major transformations in travel behaviour throughout Australia's capital cities.

¹³ State Government of Victoria, Government Health Information, 'Population ageing in Victoria,' www.health.vic.gov.au.

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

Like most Australian cities, Melbourne has been built around the private motor vehicle and thus, infrastructure investment has historically favoured road building, maintenance and parking. It is a fairly recent phenomenon that Victorian councils have shifted their focus from facilitating private travel to encouraging mass transit, as well as walking and cycling. However, this shift in mindset has not been accompanied by financial support, even though communities are now demanding urgent action to facilitate growth in popularity of passenger and active transport modes.

The present challenges for governments around Australia to retrofit existing infrastructure, and to focus investment on sustainable transport options so that public transport, cycling and walking are the preferred and most convenient modes of travel, is an ongoing issue for local government. The key pressures driving this transformational shift to sustainable transport modes are explored in greater detail below.

Historically, federal funding programs for state and local government have specifically focused on road-based projects. While ongoing investment in roads will need to continue into the future, new funding streams should be provided for the purposes of reducing the dependence of cities on car travel, as far and as soon as is practicable. Our cities will always have cars however; the widespread provision of affordable, efficient, frequent and safe public transport will overtime improve the quality of people's lives and provide environmental, social and economic gains that will not be achieved if the federal focus and prioritisation on roads is maintained. There are many effective examples of excellent mass transit systems around the world, such as Zurich's, which warrant detailed examination.

Proposed Infrastructure Investment

Victorian Transport Plan

In early December the state government released its \$38 billion *Victorian Transport Plan* (VTP) and for the first time in the state's history, a comprehensive freight strategy titled *Freight Futures*.

The major public transport projects in the new plan include:

- Metro rail tunnel (Stage 1: Footscray to Domain precinct)
- Regional Rail Link (West Werribee to Southern Cross Station)

A comprehensive outline of the State Government's proposed investment in Victoria's public transport system may be accessed at the following link:

<http://www4.transport.vic.gov.au/vtp/>.

In a memo to its members on 12 December 2008, the MAV noted that the volatility of the current economic climate had prevented the State from delivering a plan with clear financial commitments and dedicated timelines for major projects.

Funding of the major projects, including the two major rail projects outlined above, are largely contingent on the allocation of monies Victoria has applied for from the Commonwealth's *Building Australia Fund*. The State Government has requested approximately \$10 billion funding from the Commonwealth which will go towards funding the major transport projects.

In a report to the Council of Australian Governments in December 2008, Infrastructure Australia (IA) outlined the infrastructure proposals it had shortlisted for further analysis, which had been submitted by state government throughout Australia. The Melbourne Metropolitan Rail Tunnel and the Regional Rail Link were included in the list of priority projects for further analysis by IA.

Given Infrastructure Australia's stated focus on investing in public transport options for congested capital cities, the Victorian Government has indicated that it is confident of receiving adequate funds to assist in delivering the VTP's key projects.

In a media release on 8 December 2008, the MAV welcomed the broad range of initiatives outlined in the plan and expects the projects will help reduce Melbourne's traffic congestion, provide transport alternatives for future population growth and ensure the efficient movement of freight across the state.

The MAV has called for timely action to match promises, to ensure the plan is delivered.

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

Fundamental issues for improving public passenger transport services and infrastructure include raising the profile of public transport above that of private transport. Governments must prioritise investment in public transport and highlight the importance of an amenable, efficient and safe public transport system in achieving a sustainable city with less negative externalities such as pollution and noise.

The Commonwealth could assist improvements by mandating a new road hierarchy approach, resulting in the prioritisation of road-based public transport vehicles while providing safe passage for cyclists and pedestrians. As outlined in the discussion above, a fundamental re-ordering of road space to account for sustainable transport modes is urgently needed.

Pedestrian and passenger safety will be significantly enhanced by this clear separation of transport modes, increasing pedestrian and passenger perceptions of quality, security and comfort.

One national indicator the Commonwealth may wish to adopt is the number of new kilometres of public transport infrastructure constructed in each state per annum. This could be reported on a service density basis; new areas reached; type of services provided; span of hours of the service; frequency of the service; reliability of the service.

Climate change policy should also result in improvement in public transport services and infrastructure. As transport is responsible for a large proportion of greenhouse gas emissions, reducing private vehicle use while increasing public transport services will be an essential part of the response to the climate emergency. It is also likely, as the science on climate change predicts a worsening picture of effects and the pace of change, more extensive policy responses will be required, including significant shifts in passenger transport modes towards public and active transport.

By including the transport sector in any plans to reduce emissions, improvements in public transport services and infrastructure will be achieved. Currently, the plan to remove the carbon price signal on liquid fuels by lowering the equivalent amount of excise within the Carbon Pollution Reduction Scheme works as a disincentive to improve public transport.

A further driver for improved public transport infrastructure is the prediction that peak oil production has been reached. This will place significant upward pressure on petroleum product prices, and by actively working to reduce Australia's exposure to the oil prices that will occur, a better public transport system can be achieved.

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

Regulatory tools for facilitating improvements

There are opportunities for the reform of taxation system to achieve greater balance between benefits provided for car users and public transport users.

The current structure of the Fringe Benefits Tax (FBT) provides an incentive for cars to be used for work and private purposes. This occurs due to the decreasing rates of FBT for greater travel distances. This policy essentially rewards people for driving cars, which can be counter-productive where the vehicle is used predominantly for private purposes or where alternative work related transport options exist. In addition, the policy approach of FBT on vehicles is highly regressive, with financial benefit of taking advantage of private use vehicles increasing as incomes move into higher tax brackets.

While acknowledging that in some circumstances there are legitimate business uses for private vehicles, the current FBT regime provides incentive for car travel with no commensurate incentive for more environmentally friendly modes.

As such, the MAV believes that the Commonwealth could offer similar tax incentives for employees to encourage their staff to use public transport, to car pool, or to ride or walk to work. In addition, the FBT regime for private vehicle use should be restructured as part of the Henry Taxation Review to ensure it is accessed only by those who require private use vehicles for work purposes.

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

The Committee may wish to undertake research into the public transport services provided in the following cities.

- North America – Vancouver, Toronto, Portland
- Europe – Zurich, Frieberg, Berlin
- Asia Pacific – Singapore, Hong Kong, Perth

Conclusion

The ongoing and increased funding for public transport throughout Australia is fundamental to building well connected communities that have a reduced impact on our natural environment. Transport oriented development is a key component of achieving high standards of liveability into the future and the Federal Government must take a lead role in promoting more efficient and environmentally friendly transport modes in urban and regional areas. With Melbourne’s population set to rise to five million by 2036, serious efforts must be taken to ensure an appropriate public transport system is in place which can cater for the expected increase in demand.

The MAV supports the provision of funding by the Commonwealth for public passenger transport infrastructure.