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The Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
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Dear Madam

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

I appreciate the opportunity to make a contribution to this very important inquiry by the Committee. My submission is included in the attachment.

Yours sincerely

Ian Hundley

Att.

Submission to the inquiry into the investment of Commonwealth and State funds in public passenger transport infrastructure and services

Overview

The provision of public passenger transport infrastructure services is a State responsibility. However, given its dominant revenue raising powers the Commonwealth does have both the scope and the obligation to make a contribution in this area. This is especially so in the current circumstances in which there is a clear need to link the provision of public passenger transport with urban land use and development and in the light of now critical environmental issues and growing urban populations.

This submission seeks to identify some of the key issues to assist in transforming public passenger transport from a residual transport option in Australia to a mainstream one.

An audit of the state of public transport in Australia

It will probably be found that the quality of public transport in Australia varies significantly between states and territories, urban and non-urban areas, and within urban areas. Taking Melbourne as an example, it is clear that the outer suburbs, where cheaper housing is typically located and attracts much of the (now historically rapid) increase in population, public transport is very poor. As a consequence it is not a feasible transport option for most residents. People are compelled to travel great distances to work and to access everyday services.

They incur greater household costs as a consequence, which should be a major concern to government from social wellbeing, economic efficiency and equity perspectives. Many of these problems have emerged because transport and land use planning have never been properly integrated.

There has also been a complacent “business as usual” approach to the provision of transport infrastructure based upon roads and freeways, often when this is far from being the optimum solution and is incompatible with the most favourable use of land.

As well as the durable issues of access and affordability, the major backdrop is now peak oil and the climate change crisis.

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

Most public investment in private vehicle transport has been through Commonwealth, state and local government expenditure on the road network. However, a major part of this spend is attributable to the greater engineering standards required for heavy road vehicle movements devoted to the carriage of goods rather than people. This is particularly the case for highways and arterial roads. It is likely to be found that the level of this expenditure constitutes a heavy taxpayer subsidy to private road users.

Unfortunately, public investment in public passenger transport services where the potential community returns are much higher have been relatively low.

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

The benefits of “modal shift” are likely to be greatest when the transference of trips from the motorcar to cycling, pedestrianisation and public transport can be maximised. There are strong grounds for believing that these shifts are both desirable and achievable in Australia. This is particularly the case for many shorter trips which are amenable to pedestrianisation and cycling, but a large proportion of which in Australia involve single person car journeys. Appropriate land use policies in urban areas are also important in facilitating these changes in travel behaviour. Maximising the ease of transfer between modes is essential for all effective public passenger transport systems.

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

The structure of transport related bureaucracies may be an issue impeding reform in the states. The Commonwealth should be aware of this encumbrance in negotiating any funding or other arrangements for transport with the States.

In Victoria, there is an absence of effective institutional arrangements to provide for effective planning and the rational allocation of resources and infrastructure for transport. The Department of Transport is essentially isolated in this task by the independent role accorded VicRoads which is basically a roads construction and maintenance organisation. The more recent establishment of the Southern and Eastern Integrated Transport Authority (SEITA), which is also a road construction agency, has caused a further compromised any prospect for an integrated approach to land development and transport in Melbourne. As a consequence there is virtually no integration of transport and land use planning.

A further consideration is the virtual sidelining of regional and local government agencies in these processes. In federal jurisdictions where urban land management and transport planning is conducted most successfully a very effective governance model is employed, which in essence is an effective negotiating forum within well defined parameters and seldom involves one level of government imposing itself on another.

It is noted that the Commonwealth has often addressed governance issues in other major areas of State responsibility, including school and vocational education and in health. The same issues apply in transport, especially if there is to be future effective delivery of public passenger transport projects.

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

As discussed above, if vertical inequity between the Commonwealth and the States in revenue raising capacity did not exist there may be relatively little role for the Commonwealth in funding public transport services which, after all, are a State responsibility. However, as the Commonwealth dominates revenue raising in Australia it arguably has a much larger funding responsibility for public transport than it has assumed during the last generation and more.

If the Commonwealth is to take a conditional funding approach to the provision of public transport services it should do so in the context of an integrated framework that addresses land use issues in parallel. For too long the States have tended to address transport provision in isolation from land use, and the Commonwealth has tended to do the same over the many years that it has been heavily subsidising road-based transport. In truth they are part of the same equation.

There are obvious existing Commonwealth subsidies which are anomalous and should be addressed. These include the import subsidy on imported 4WD vehicles. The subsidy should be abolished because it does not achieve the intended purpose of subsidising a vehicle for goods carrying purposes. The revenue savings would be substantial and if the incidence of 4WD's on Australian roads was reduced as a consequence it would also have positive environmental effects and reduce fatality and serious injury road crashes.

The larger question relates to the effect of Commonwealth legislation, taxation, subsidies and other measures on the accessibility of different forms of transport.

External costs associated with transport are very substantial, calculated to be in the tens of billions of dollars in Australia and a large proportion of GDP. They include greenhouse gas emissions, air pollution, road and other crashes and accidents, noise pollution and travel time costs. Commonwealth fiscal and other policies should reflect these costs and not seek to mask them and so act as an effective subsidy that would advantage one form of transport over another.

Best practice international examples of public passenger transport services and infrastructure

There are important lessons to be learned from overseas experience in the provision of public passenger transport services. Aspects of public passenger transport in Zurich, Portland (Oregon), Vancouver and Toronto are often nominated as good models. Their governance and organisational arrangements for the delivery of service would be worthy of close examination. Western European and Japanese rail and rapid transit services are noteworthy for consistent on time running and generally high service standards. However, any successful system is attuned to the cultural and environmental milieu in which it operates. Thus care needs to be taken with the "importation" of external models.

In Victoria, there were major weaknesses under a government owner and provider model for public passenger transport which prevailed until the mid 1990's. It was not assisted by the fact that for much of this period the system was required to meet the burden of heavy accumulated debts that it had no realistic possibility of repaying. And, this at a time when governments were increasingly in the thrall of the motorcar lobby, and the accompanying binge of freeway development which is yet to abate.

The move to the government "steering but not rowing" approach to providing public transport of the Kennett years has not been as successful as its proponents had hoped and expected. The model for its success was to be the provision of profit maximising incentives to the operators, the alignment of these incentives with workforce rewards, and the effective removal of the executive government as a focus for industrial and other lobbying pressure. It has not quite worked that way. It appears that notwithstanding the desire of ministers not to be involved in the running of transport systems, in the public's mind they do ultimately remain responsible. There are good reasons for this and it is evident that the current management model needs to be reconsidered, particularly with a view to the clear definition of responsibility and authority.

The low priority accorded to public transport by government, especially outside of the provision of commuter services to the CBD, is also an issue. Arguably it has contributed to very poor on-the ground service delivery in these other areas because of the official perception that these are residual rather than mainstream services that deserve and require close and continuing attention to service delivery.

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