Dissenting report by Australian Greens

1.1 While the Australian Greens support a stronger price signal on fuel use, this package of bills put forward by the government binds all of the funds raised to road expenditure into the future.

1.2 The very fact that the Fuel Indexation (Road Funding) Special Account Bill 2014 states that there will be a special account established to ensure that the net additional revenue from the reintroduction of fuel indexation is used for only road infrastructure funding will do nothing to transform our cities and urban environment.

1.3 Despite the fact that Australians are driving less distance on a per-capita basis, a trend that has continued since the mid-2000s,[1] this bill commits all future governments to pour money into roads year after year, just as the climate crisis escalates and technological advancement threatens the dominance of motor vehicle transport.

1.4 The Greens do not support a special fund for roads that locks in future governments to spending billions on roads by 2030 at the expense of desperately needed public transport investment.

1.5 Fuel excise should be about moving away from pollution, yet it is clear that this government just sees it as a way of raising revenue, taxing people who have no access to public transport or more efficient cars.

1.6 It makes absolutely no sense to put the money into roads—that will increase congestion and make it harder for people in places with little or no public transport.

1.7 Data has shown that new roads attract new motorists, thus undermining arguments that investment in new motorways can ease congestion.[2]

1.8 The Explanatory Memorandum (EM) explicitly states:

> …the effect on demand of an increase in the fuel tax is expected to be minimal, due to the inelasticity of demand for most fuel products. The Australia's Future Tax System consultation paper noted that due to limitations in current technology and distribution systems, the demand for transport fuels is relatively unresponsive to price.[3]

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1 Department of Infrastructure and Transport, Bureau of Infrastructure, Transport and Regional Economics, *Traffic Growth in Australia*, Report 127, 2012.

2 The Conversation, *Abbott's transport priorities drive Australia into the past*, 18 September 2013, http://theconversation.com/abbotts-transport-priorities-drive-australia-into-the-past-17988

3 Explanatory Memorandum, paragraph 2.30.

1.9 In evidence given to the committee, Treasury confirmed that this measure is not about changing behaviour then it is just a revenue-raising measure, stating that 'it is to raise money, certainly. It is an excise. That is what it is there to do—raise some cash.'[4]

1.10 Given that the EM to the bill suggests that this measure would have no impact on driver behaviour, and it's clear that the people most impacted would just be low-income earners because they would not drive less; they would just have less money, spending $5 billion on roads every year by 2030 with no scope to invest in public transport infrastructure is not an outcome the Greens can support.

Interaction with the carbon price

1.11 Billionaire mining companies should not have a free ride on fuel excise while everyone else has to pay.

1.12 Investing all the money in roads, making congestion and pollution worse, and letting the big miners get off scot-free means we cannot support the bill.

1.13 Before the carbon price was legislated, miners received a full 38c Fuel Tax Credit for all fuels purchased. The Carbon package included a 'carbon charge' which reduced the full 38c rebate by ~6 cents to 32c and reduces the value of the Fuel Tax Credit to mining companies over time (it moves with the carbon price).

1.14 If the carbon price is abolished, mining companies will receive an additional ~6 cents per litre of fuel that they buy. They will receive a complete rebate on fuel while everyday motorists pay more. Indexation on fuel excise would increase the amount of revenue lost to miners by around $720 million over the estimates period. This growing subsidy would create a structural flaw in our expenditure with no corresponding public policy purpose.

The need to invest in public transport

1.15 Public Transport investment in Australia is sorely lacking and will almost always have a higher cost–benefit ratio than roadways. Irrespective of this reality, we have seen these budgeted projects scrapped by the Abbott government:

- Brisbane Cross River Rail;
- Melbourne Metro;
- Freight Rail Revitalisation (Tas); and
- Perth Public Transport Package including Light Rail funding.

4 Mr Rob Heferen, *Proof Committee Hansard*, 2 July 2014, p. 22.

1.16 Worse still is the way the Abbott government simply ignored the large number of public transport projects on the Infrastructure Australia priority that were at the 'ready to proceed' or 'threshold' level.

1.17 These were the Brisbane Cross River Rail and Brisbane TransitWays, the Melbourne Metro, and the Adelaide East-West Bus Corridor.

1.18 In contrast, the Abbott government's first infrastructure budget provided $11.6 billion for Infrastructure (to total of $50b to 2019-20). Of this, $9.7 billion is going to road, and none of the projects receiving funding have been identified as a priority by Infrastructure Australia.

1.19 All are highly contested by local communities and transport experts. These are:

- $1.5b for Sydney's WestConnex;
- $3 billion for the East West Link in Melbourne;
- $800m for Adelaide's North-South Road Corridor; and
- $925m to the so called Perth Freight Link—including the Roe 8 extension and massive modifications to High Street and Stock Road.

1.20 Prime Minister Abbott's inclination to involve himself in urban policy only via freeways is bad economics and ignores the actual growth occurring in public transport. The Australian Greens recognise, unlike the 'Prime Minister for Infrastructure', that:

- Demand for public transport has grown strongly in most of Australia's capital cities over the last ten years;[5]
- Patronage on Melbourne's rail network increased by 70 per cent over the last ten years and by 40 per cent over the last five;[6] and
- Patronage on Perth's public transport network surged by 61 per cent between 2004–5 and 2011–12.[7]

1.21 The underlying drivers of this growth aren't mere temporary phenomena: Mr Abbott is ignoring structural changes in demographics; in the composition of the economy; and in the relative price of travel by different modes. Further, failure to fund key public transport projects is an efficiency issue as much as anything else. It will limit the economic capacity of Australia's major cities.

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5 Crikey, *Is public transport winning the battle for commuters?*, 31 October 2012, http://blogs.crikey.com.au/theurbanist/2012/10/31/is-public-transport-winning-the-battle-for-commuters/

6 Public Transport Victoria, http://ptv.vic.gov.au/news/news-promotions/network-development-plan-metropolitan-rail/

7 The West Australian, *Public Transport booming says study*, 5 July 2014.

Link between roads and emissions

1.22 A report commissioned from the Institute of Transport Economics in Norway concluded that 'in most situations road construction and the maintenance of new and better roads will, together with direct and indirect consequences of induced traffic, result in increased greenhouse gas emissions. In the larger cities, in particular, increased road capacity will result in significantly increased emissions.'[8]

1.23 The report also came to a number of interesting findings, including:

- Reduced emissions due to better road standards are outweighed by increased emissions from higher speeds. Improved road quality results in higher travelling speeds, thus increasing emissions of greenhouse gases;
- Improved road infrastructure also increases traffic volume, thus resulting in greater emissions;
- A 10 per cent reduction in travel time gives 3–5 per cent growth in traffic in the short term and 5–10 per cent in the long term;
- Changes in greenhouse gas emissions as a result of new road construction or road improvement equivalent to 12 tonnes Co2e per km of road for dual carriageway and 21 tonnes for four-carriage way; and
- Changes to greenhouse gas emissions as a result of operation and maintenance of new road network is 32 tonnes for two carriage-way and 52 tonnes for four–carriageway.

1.24 By sticking with roads and high use of private cars, we stay with auto mobility and unsustainable transport—with its high pollution levels, dependency on oil, high road trauma levels, inequitable access to mobility, and continuing degradation of urban amenity. The Abbott government's focus on road investment ensure this pattern will continue.

Recommendation

1.25 For the reasons outlined above, the Australian Greens recommend that these bills not proceed.

Senator Scott Ludlam
Senator for Western Australia

8 Institute of Transport Economics, *Does road improvement decrease greenhouse gas emissions?*, p. ii.