



City of Yarra Submission to

**Rural and Regional Affairs and
Transport References Committee**

**“The role of public transport in delivering
productivity outcomes”**

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About the City of Yarra:

Yarra is an inner Melbourne municipality, with a population of over 80,000 people and an area of 19.5km². It wraps around the eastern and northern boundaries of the City of Melbourne. Consequently, many Melbourne CBD bound commuters and visitors travel through Yarra, placing considerable strain on transport infrastructure.

The anticipated growth of greater Melbourne to a city of over 5,000,000 people by 2025 will considerably add to these pressures. That the community is already experiencing the consequences of decades of poor infrastructure decisions does not mean it is prepared to accept the status quo.

While Yarra residents appear on paper to have excellent access to public transport with the community being serviced by trams, trains and some buses, access to this infrastructure is significantly eroded as public transport is frequently overcrowded by users boarding before Yarra.

Our local and state roads can be hostile places, with increasingly long peak traffic periods, and high levels of traffic infiltration into local streets adversely impacting upon community safety and amenity.

Yarra residents are amongst the highest users of sustainable transport in Australia with 42% of residents using public transport, walking or cycling compared with Melbourne's 16% average. Yarra has been a strong advocate for improved public transport and sustainable transport infrastructure for all of Melbourne.

In 2006 Yarra adopted its Strategic Transport Statement which includes the vision:

"To create a city which is accessible to everyone irrespective of levels of personal mobility and where a fulfilling life can be had without the need for a car."

Context:

While Melbourne has benefited from the city's astute post-war decision to retain its extensive tram operation, and the presence of a similarly sizeable radial suburban rail network, it has suffered from a failure over decades, to maintain, upgrade and expand the system. Public transport lost market share to the car between 1950 and 1980. Most transport investment during this period focussed on expanding road capacity in both existing and new urban areas. This resulted in increases in traffic volumes and congestion over and beyond the rate of population growth.

However, since 2005, public transport usage in Melbourne has dramatically increased, with annual growth in patronage of 4-10%. But in subsequent years, any "spare" capacity in the existing public transport system has been exhausted. Congestion on public transport is as big an issue to governments as road congestion.

A significant boost in public transport supply is required, both to facilitate ongoing passenger growth, and to avert further deterioration in the ability of Melburnians to get around their city for work, and to access services as well as recreation.

Investment in the economy of Melbourne and Sydney's public transport systems is as vital to the national economy as investment in freight. The economic power houses of finance and

tourism require this support to maintain their competitive edge in a globally challenging environment.

On a local level, Yarra Council has advocated for many years for rail to Doncaster. Yarra's location immediately adjacent to the CBD has meant that it experiences considerable traffic burdens as commuters - especially from the eastern corridor - attempt to reach the CBD for employment, business, government services, tourism, social connection and recreation. These problems occur throughout the weekday period and are becoming evident even on weekends – where while traffic is more distributed across the daylight period, it is clear that more people are travelling, and using the major roads through Yarra.

Responses to the terms of reference follow.

A: The need for an integrated approach across road and rail in addressing congestion

The expansion of motor vehicle use in cities has led to over 30% of land use being devoted to motor vehicles. The development and efficiency of cities requires public transport links based on land use planning principles, which integrate communities with access to jobs, education and services. Such integrated planning can substantially reduce the footprint, time and cost of travel.

Studies show that significantly more journeys are made for shopping, social, recreational and personal business than to the workplace. However, it is the journey to work which places the greatest stress on the transport system due to the number of people needing to travel at the same time.

The Victorian government's own planning strategies strongly indicate the need for a continued increase in jobs in the CBD area. However, it must be possible for people to get to these jobs efficiently.

Jobs in the City of Melbourne increased from 200,000 in 1990 to almost 500,000 in 2009. This increase has continued in recent years. The public transport system supported much of this increase in employment. VicRoads data shows that there has been little change in the number of cars coming into the city on arterial roads, clearly demonstrating the preference for public transport, not private transport.

Road based congestion "solutions" are unviable for metropolitan cities of Melbourne's scale inducing more traffic and poor use of scarce inner city land. Accommodating an additional 200,000 people in the CBD by reliance on car based transport would require an additional 65 freeway lanes, and 782 hectares of parking! This is highly inefficient in terms of land use and far beyond the cost of meeting the demand for travel by public transport.

Solutions which create more road space for cars are also short term given induced traffic.

An example is the completion of EastLink, which served to increase usage of the Eastern Freeway – making travel from middle ring eastern suburbs more onerous as traffic volumes at the Hoddle Street and other exits at the end of the Freeway increased. While travel times for those in the outer eastern suburbs decreased, this came at a cost to residents of middle ring eastern suburbs. Another road has been built, but served little purpose for transport choice starved middle ring eastern communities.

Not only were private vehicle commuters adversely affected, but also those, who chose to use the public transport network as their buses were impeded by the additional car based commuters using the eastern freeway to reach EastLink.

While politically appealing, these road only projects are poor economic and planning investments.

Melbourne's footprint experiences continued expansion, but without the provision of accompanying public transport. State planning processes repeatedly discuss the need to integrate transport projects with development plans, but the scale of investment now required prevents meaningful delivery of these plans without federal Government contribution to public transport funding.

B: The social and environmental benefits of public transport projects compared to road infrastructure projects such as Westconnex and the East-West Link

In place of the East-West Link tunnel, the City of Yarra has been advocating for rail to Doncaster (and beyond) for many years. Yarra opposes the East-West tunnel. It is considered to be the wrong project, in the wrong place at the wrong time.

The East-West Link project is proving to be a very divisive project socially. Communities from across Melbourne have expressed great concern that funding this one "mega" project will prevent the funding of many other smaller more worthy projects, which cumulatively would cost less, and deliver better distributed benefits to the greater Victorian community.

By way of comparison, the proposed Doncaster rail project could attract around 100,000 passenger trips per day when fully operational. This is equivalent to the number of people projected to be carried by cars in the competing East-West road tunnel.

As an example of the benefits of a public transport project Yarra's submission on the Doncaster Rail Study (Draft Recommendations) identified that:

- A large part of the existing problem is that the only public transport available to Doncaster (buses) must share the roads with private vehicles.
- Some 800 hundred cars could be removed for every train service along the proposed route. Allowing for a ten minute frequency service, almost 5,000 vehicles could be removed from the congestion. This is the equivalent of three lanes of traffic which could become available to other road users.
- The proposed rail link serving the Doncaster Eastern corridor will provide a practical, viable alternative to many current road users – providing residents of Manningham and its near neighbours in Kew and Balwyn for the first time with real choice, and improving state economics by reducing travel times for many employees.

A new rail way line would overcome these problems.

Road based solutions alone, deliver poorer outcomes than integrated public transport/road solutions.

As a member of the Doncaster Rail Local Government Group, Yarra commissioned Curtin University and RMIT¹ to investigate the wider economic benefits of public transport projects, particularly in regard to identifying alternate funding mechanisms.

The work clearly demonstrated the obvious value to the immediate communities as well as the less obvious benefits to the greater Melbourne public transport network of a highly interconnected system, which has outgrown a radial model of infrastructure. Increased connectedness between rail lines would not only service communities wishing to travel *between* suburban locations (rather than be compelled to make all trips via the CBD), but also frees space for those who wish to travel to the CBD, delivering considerable capacity gains.

It has also been noted that the East-West Link road tunnel (estimated at between \$5 and \$9 billion) was shown in its first assessment to have an unfavourable benefit cost ratio (of 0.5) and to not fulfil the requirements for Federal funding as it does not consider other options such as public transport.

The East-West Link road tunnel provides only limited value for freight movement given its limited industrial and commercial catchment and is likely to increase transport economic costs by inducing additional car based congestion and emissions and undermining higher value land use in inner Melbourne.

Your committee is urged to strongly advocate for the Commonwealth Government to commit to funding high quality, world best practice public transport systems. This is directed towards achieving greater transport equity, making sustainable transport a real mode of choice for metropolitan populations, reducing urban congestion and dependence on largely, sole occupant motor vehicles as the primary mode of transport.

Other benefits of public transport are:

- **Access to jobs, education and services.** Some 30% of the population, particularly the young, elderly, and disabled either do not own or use a car. Increasingly, people in cities find driving too stressful, too expensive, or have other priorities over owning a car. Car use is stagnant or dropping especially amongst young people. In 1991, of NSW persons aged 20-24, 79% had licences. By 2008, car ownership in this age group, crashed to just 51 per cent and continues to decline. A new study in Victoria by Monash University shows the number of licence holders under 30 is dropping at more than 1 per cent a year². Public policy needs to heed these changing demographic factors.
- **Job creation** - While road and public transport projects can both be excellent job creators during the construction phase, public transport projects have superior job creation benefits during operation.
- **Increased productivity** – Australia's transport costs are amongst the highest in the world, being higher than even in the USA and Canada. With transport costs built into the cost of labour, goods, and services, reducing transport costs by meeting the demand for improved public transport infrastructure is a major means of contributing to productivity. Public transport, cycling and rail freight are far more efficient modes of transport in terms of fuel use, land use and other costs – as discussed elsewhere in this submission.

¹ Curtin University Sustainability Policy (CUSP) Institute - *Initial Assessment of the Accessibility & New Funding Opportunities for the Doncaster Rail Project*, September 2012

² <http://www.theaustralian.com.au/executive-living/driving-me-crazy-getting-a-licence-a-low-priority-for-generation-y/story-e6frg9zo-1226703726264>

- **Reduced greenhouse emissions** together with reduced air pollution and land degradation. The energy and transport sectors, particularly motor vehicles are major contributors to emissions. The transport sector in Australia accounts for 14% of emissions and is the fastest growing source of greenhouse gas emissions. By contrast, public transport performs with at least 30% fewer emissions per person kilometre than cars³. Increasing public transport mode share is thus an important source of lowering emissions. Regarding freight, rail uses one third of the fuel of road transport⁴ and is around four times as energy efficient as road based freight transport.⁵

Based on evidence from interstate and internationally, land values in areas with upgraded public transport accessibility improve over time compared to areas that do not benefit from such public transport upgrades.

C: The national significance of public transport

Australia is the only developed country in the world where its national government does not substantially fund urban public transport systems. Major expansion in the provision of mass transport infrastructure is sought to meet increased demand for public transport travel arising from rising motor fuel costs, congestion, and the desire of citizens to access jobs, education and services, more sustainably.

Ensuring that Australia's economy is not dependent upon a single transport mode is vital to the flexibility to successfully meet global financial challenges. Australia's ability to continue as a high functioning economic centre depends on planning and delivering this flexibility.

Benefit-cost analysis has indicated that for every \$1 invested in passenger rail transport, \$1.80 is returned to the economy.⁶ Apart from this, there are substantial economic benefits to households with easy access to public transport.

The high cost of motor vehicle transport for households is revealed in comparisons of expenditure on housing and transport. In Melbourne, transport ranks with housing as a major expenditure item with over \$140 per week spent on transport (car \$133.37, public transport and taxis \$7.50) while housing expenditure averages \$144 per week.⁷ Such high expenditure on car use contributes to household stress and detracts from liveability especially in newer outer suburbs where housing may be more affordable but car use is essential. Where good public transport connections exist, a lower proportion of household budgets is invested in transport. This is a major social equity consideration as inner areas of metropolitan cities well served by public transport, are becoming the preserve of those on higher incomes leaving those on low incomes in public transport poor outer suburbs, paying far higher transport costs based on running private vehicles.

³ Adele McCarthy, Public Transport Division, Department of Transport, Victoria; see also <http://www.climatechange.gov.au/greenpaper/factsheets/fs4>

⁴ Australian Transport Facts 1998, Apelbaum Consulting Group, pages 55, 73

⁵ National Greenhouse and Energy Reporting System – *Regulations Discussion Paper*, Australasian Railway Association submission to the Greenhouse and Energy Reporting Taskforce, 16 November 2007, page 2

⁶ G Karpouzis et al, *The Value of City Rail to the NSW community 1997-1998 to 2006-07*, RailCorp, NSW, June 2007

⁷ 2006 ABS Household Expenditure Survey, summary in Transport Demand Information Atlas for Victoria 2008, www.transport.vic.gov.au

D: The relationship between public transport and building well-functioning cities

Growth corridors in Melbourne are becoming almost totally car dependent. More money must be spent on public transport infrastructure on Melbourne's fringe. Increased trips generated from these areas will have a growing detrimental impact on the health and well-being of the Yarra community as well as exacerbating social inequities between inner and outer Melbourne.

It is critical that improvements are made to public transport in outer areas of Melbourne. People travelling from other parts of Melbourne to and beyond the CBD and to Yarra itself, overwhelmingly use cars for their journeys. This through-traffic has a negative effect on Yarra residents' quality of life, as well as the liveability and sustainability of Melbourne more broadly.

E: The decision of the Federal Government to refuse to fund public transport projects

Investment in public transport has been neglected on the argument that transport is a state matter. However, while failing to invest in urban passenger transport, the Commonwealth has nevertheless, provided substantial funding for road networks in urban and regional environments. The Commonwealth approach to date has served to disadvantage public transport investment.

There is a sound case for federal investment in urban public transport systems for the following reasons:

- One suburban train can remove 5kms of cars from congested roads, meaning that public transport reduces car dependence and the costs of road congestion (estimated at \$10B nationally in 2005 and at \$20B by 2020);
- Public transport enables our nation to respond to rising fuel prices and environmental sustainability. Petrol will continue to increase beyond \$70 per barrel with increasing world demand for oil;
- Public transport assists in access to jobs, education and services for people who cannot afford a car or who are unable to drive - students, the poor, disabled and elderly. It helps reduce socio-economic problems, social isolation and inequity; and
- Public transport helps reduce health costs by reducing the effect of crashes and pollution on the national health bill and hospitals. Walking to and from transport nodes contributes to the regular physical activity.

Examples of Melbourne public transport projects that merit Commonwealth contributions are:

- rail for the Doncaster corridor, from the Melbourne CAD, to the University of Melbourne and Hospital Research precinct, east to Doncaster's Westfield major activity centre, and linked to the Ringwood line;
- upgrading core rail spines and signaling to support new lines and capacity expansion;

- Melbourne Metro Rail project to provide a new cross city connection which will untangle the City Loop and support rail capacity expansion;
- airport rail line to support more efficient access to Melbourne Airport and alleviate the heavily congested Tullamarine Freeway to the Airport;
- rail to Rowville and Knox to service the Monash University area, the Chadstone major activity centre and linked to the Ferntree Gully line; and
- extensions of existing rail lines: from Epping to South Morang, Mernda, Whittlesea; from Epping to Aurora; to Wyndham Vale; and to Cranbourne East.

There is a huge catch-up required in public transport and rail freight infrastructure across Australia, both in capital cities and regions. This is because the taxation treatment of transport forms and transport investment have for many decades, been heavily biased to favour motor vehicles at the expense of more sustainable forms. Australian cities and the nation as a whole have been economically and socially disadvantaged because of this thrust of federal policy.

Investment in public transport has also been argued to be too costly compared with road transport infrastructure solutions. This argument is based on a misunderstanding of transport economics; it fails to properly cost externalities, opportunity costs, and market distortions in favour of motor vehicles. When properly costed, the reverse is apparent: the motor vehicle industry is heavily subsidised at the expense of public and freight transport.

The trucking industry has received the benefit of road infrastructure funding, taxation and other advantages at the expense of rail freight. When external costs are included, road freight has expanded through hidden public subsidies which have led to a major decline in the competitiveness and use of rail freight. It is estimated that the additional cost to the community of funding road transport over public transport, is at least \$30 billion nationally per annum.

F: The impact on user charges arising from requiring states to fund public transport projects

Land values increase substantially for properties in the catchment area of new public transport services. Cross-sectional comparison studies for the past 25 years in Brisbane have demonstrated a consistent difference in land values of more than 20% in comparable areas with high quality public transport accessibility over areas without.

This increased land value can be captured by new funding practices that ring fence and hypothecate some of this increased land-based tax revenue into a fund to defray the cost of the investment in public transport. It is crucial to understand that this is not a new tax but simply recognition and capture of the positive impact on land value of this public transport infrastructure and its effect on existing property based taxes and charges. This could use existing mechanisms which are already capable of capturing the positive impact on land value that this public transport infrastructure would have on property based charges.

However, it should be emphasised that road user charges applied in the absence of any feasible public transport system alternative, mean that these charges operate as an unfair taxation mechanism, applied to those who already suffer the high economic costs of transport disadvantage.

G: Any related matter

Communities want improved safety on both local and arterial roads. Increasing volumes of traffic on more roads is inconsistent with this ambition. There are considerable road safety and health benefits from investment in public transport.

Conclusion

Public Transport remains a critical plank delivering employees to their work places, and ensuring that business can continue to operate. As Australia's economy has adjusted, public transport is no longer the domain of blue collar workers, but increasingly provides the means by which over half a million people in Melbourne alone daily reach their CBD based work destination. It is critical that improvements are made to public transport in outer areas of Melbourne.

Public transport infrastructure must keep pace if the economic hubs that CBDs represent, due to the natural tendency of industries such as finance and tourism to agglomerate, continue to grow. Failure of successive state governments to make investment decisions in a timely manner means that these cornerstones of the Australian economy are at risk.

Benefit-cost analysis has indicated that for every \$1 invested in passenger rail transport, returns \$1.80 to the economy and provides a greater economic return than investment in urban freeways.

Commonwealth investment in public transport would not need to be focused in any one state; all states can upgrade and improve their public transport infrastructure.

There is a sound case for federal investment in urban public transport systems.

A representative of the City of Yarra would be pleased to present further on this subject to the Senate Committee should an invitation be extended. Please contact Ms Barb Higgins, Co-ordinator to the Mayor and Councillors office on 9205 5055 to make arrangements.