

Committee Secretary
Senate Rural and Regional Affairs and Transport Committee
Parliament House
Canberra Act 2600

24 February 2006

INQUIRY INTO AUSTRALIA'S FUTURE OIL SUPPLY AND ALTERNATIVE TRANSPORT FUELS

JOINT SUBMISSION FROM THE BICYCLE FEDERATION OF AUSTRALIA AND THE CYCLING PROMOTION FUND

SUMMARY

This submission has been prepared by the Bicycle Federation of Australia and the Cycling Promotion Fund. The BFA is the peak national cycling body with a membership of over 20,000 cyclists across all state and territories. The CPF represents the cycling-related business sector.

Cycling has increased considerably in Australia over the last few years and has achieved acceptance as an integral part of Australia's urban transport mix. Cycling is likely to continue to grow strongly for a number of reasons including higher fuel costs and fuel scarcity. As cycling continues to grow in popularity demand for cycle-friendly infrastructure will also increase. This provides excellent opportunities for governments at all levels to create cycle-friendly environments, enabling the millions of people who have bicycles to use them for short trips, resulting in reduced demand for oil.

RECOMMENDATIONS

- Cycling be promoted as a viable and economical option for short trips for most Australians and that cycling infrastructure be improved generally, with higher priority given to disadvantaged urban areas most dependent on car transport
- Governments encourage more short trips to be undertaken on bikes by significantly increasing funding for cycling infrastructure, education and promotion
- A 300 Watt limit for electric bicycles should be adopted with 500 Watt for people with physical disabilities
- Governments adopt highly cost-effective travel behaviour change measures to achieve reductions in fuel use
- Higher fuel taxes be introduced to reduce oil consumption
- A 'paths to recovery' or 'trails to recovery' program financed by the Commonwealth Government be established to provide funding to local government for cycling infrastructure
- The methods for assessing transport proposals and the divisions between transportation planning agencies be re-evaluated as the dominant assumption of indefinite cheap petrol becomes invalid
- Urban planning and design principles that encourage cycling should be incorporated into state, territory and local government development requirements and considered when approving developments
- The FBT concession for motor vehicles and the 4WD import duty concession be abolished

INTRODUCTION

This submission has been prepared by the Bicycle Federation of Australia (BFA) and the Cycling Promotion Fund (CPF). The BFA is the peak national cycling body with a membership of over 20,000 cyclists across all state and territories. The CPF represents the cycling-related business sector.

Cycling has increased considerably in Australia over the last few years, particularly in urban centres and in areas where cycling infrastructure has been provided e.g. WA has seen an increase in cycling participation of 21% in four years by people 15 years and older (Australian Sports Commission 2005).

Cycling has achieved acceptance as an integral part of Australia's urban transport mix. This is demonstrated by the recent renewal of the National Cycling Strategy (2005-2010). Cycling is likely to grow strongly for a number of reasons including higher fuel costs and fuel scarcity. As cycling continues to grow in popularity demand for cycle-friendly infrastructure will also increase. This provides excellent opportunities for governments at all levels to create cycle-friendly environments, enabling the millions of people who have bicycles to use them for short trips, resulting in reduced demand for oil.

RESPONSES TO SPECIFIC TERMS OF REFERENCE (TOR) OF THE INQUIRY

a. Projections of oil production and demand in Australia and globally and the implications for availability and pricing of transport fuels in Australia

We do not claim particular expertise in this area, however we do note that transport planning is often predicated on business-as-usual forecasts of increased motorised transport, based on the assumption that oil supply will match demand indefinitely. This mindset has been pervasive within transportation and urban planning authorities. Cycling has achieved recognition as an important transport mode in spite of this, essentially because of its popularity. People have 'voted with their pedals'. Some elected representatives and planning bodies have been paying attention.

b. Potential of new sources of oil and alternative transport fuels to meet a significant share of Australia's fuel demands taking into account technological developments and environmental costs

We cannot respond to this point in detail, however implicit in this TOR is the suggestion that increased supply is the best option. In a world-wide oil depletion scenario, finding more oil for immediate use only increases our dependency on it, and brings forward the time when production will peak. Unless Australia finds good ways to invest additional short-term energy supplies in order to make life easier over the long term, additional supplies will be wasted on inefficient transport modes, especially in single-passenger car-based commuting. The best supply of additional barrels is so-called nega-barrels, achieved by reducing fuel consumption, freeing up oil for more efficient uses.

One option for reducing fuel consumption is cycling. Cycling requires no great technological breakthroughs, makes the cyclist healthier and has environmental benefits through reduced greenhouse emissions and increased urban air quality. Increased support for cycling can pay for itself by diverting fuel to more efficient uses.

It is unrealistic to hope that new oil discoveries, alternative fuel or a new technology will save Australians from a reality of expensive transport fuel. Caution is recommended to avoid excessive investment of time, money and oil into finding new oil sources or alternative fuels.

c. Flow-on economic impacts in Australia from continuing rises in the price of transport fuel and potential reductions in oil supply

Little research has been conducted on how higher fuel prices will impact on the transport options for Australians. Higher fuel costs will accentuate social disadvantage. Residents of outer suburbs tend to rely more on private transport, as public transport is lacking in these areas. They also tend to be more economically disadvantaged to start with and so have less of a safety margin; see Robinson et al (2005). Dodson and Sipe (2005) have conducted a preliminary analysis of the effects of rising fuel costs. Of most concern is the tendency for poor transport options to impede attempts by disadvantaged Australians to access the economic opportunities around them. This helps explain the geographic correlation between disadvantage and car dependency. It is vital that governments urgently redress this inequality.

Recommendation:

- **Cycling be promoted as a viable and economical option for short trips for most Australians and that cycling infrastructure be improved generally, with higher priority given to disadvantaged urban areas most dependent on car transport**

d. Options for reducing Australia's transport fuel demands

Short trips

Many suburban car trips are quite short and many could be made by bike instead. Research has found that even in an outer suburban area (Joondalup in Perth), 38% of trips were 5km or less (Socialdata 2002). Overall in Perth it was found that 10% were less than 1km, 32% less than 3km and 48% less than 5km. The NSW Department of Planning has estimated 33% of Sydney's car trips are less than 3km and 55% are for less than 5km (NSW Department of Transport, 1995).

Many short trips are for dropping off and picking up children at school. A recent study reveals that 75% of children are driven to school, a complete reversal from 1980 when it was 25% (Davies 2005). A 3km bike ride each day can become a 6km car trip as the parent makes the round trip twice. Programs such as Safe Routes to Schools can reduce needless car journeys, enhance community safety and encourage health and fitness in the fight against childhood obesity.

Promoting cycling in a neighbourhood has the potential to leverage gains, as local centres find they have increased patronage from people within cycling distance. As more activity is relocated closer to residents, there are fewer car journeys to centralised shopping districts (Litman 2004).

Recommendation:

- **Governments encourage more short trips to be undertaken on bikes by significantly increasing funding for cycling infrastructure, education and promotion**

Electric bikes

The electric bike opens up cycling to people inhibited by hills, long distances or lack of fitness. Essentially a normal bicycle with the addition of a compact electric motor and battery pack, it is a promising option in a fuel-scarce future. It is very economical, using as little as a sixtieth of the power of a car, and is pollution-free except for the need for an overnight recharge from mains electricity.

Unfortunately vehicle regulations require electric bikes with power output over 200 Watts to be registered. The imposition of charges for economical, low-polluting, non-congesting bike transport is inappropriate especially since the electric bike is the only realistic cycling option for many people. New Zealand, the US and Canada all have higher power thresholds. Bikes can be designed so the power cuts out at around 24km/h, making them safe for use on paths shared with conventional bikes.

Recommendation:

- **A 300 Watt limit for electric bicycles should be adopted with 500 Watt for people with physical disabilities**

Travel behaviour change programs

A promising approach to reducing fuel consumption is travel (or transportation) demand management (TDM) also known as mobility management. TDM involves changing the cost structures in transport. For instance, by introducing Pay-As-You-Drive car insurance drivers only pay for the insurance they use. Presently car insurance is a sunk cost; having paid the annual charge, drivers have less reason to switch to using their bike. Car registration could also be reduced and fuel taxes increased significantly to discourage car trips. No net change to government revenue is necessary. Rather, those who drive less would not subsidise those who drive more.

The Victoria Transport Policy Institute (located in Canada) has compared four options for reducing fuel consumption: alternative fuels, tighter mandatory fuel efficiency, higher fuel taxes, and TDM (Litman 2005a). The study concluded that the best option is TDM followed by higher fuel taxes. Although raising fuel taxes is politically difficult the economic arguments for it are compelling (Litman 2005b). Mandating fuel-efficient cars and introducing alternative fuels were seen as less effective because they tend to encourage an increase in car travel. Once the external costs of car travel are taken into account, TDM and higher fuel taxes are preferable options.

Another approach to travel behaviour change is TravelSmart programs. One program in Perth increased cycling by 61%, increased public transport use and reduced private motor vehicle travel. These changes were in the absence of infrastructure improvements; the gains were merely from promoting and encouraging cycling as a choice (Ashton-Graham 2003). Australia is a leader in individualised marketing of sustainable transport modes. These programs have achieved high benefit /cost ratios and decreases in fuel usage of around 12-13% overall. Increased government support for these programs would achieve significant transport fuel savings, much more rapidly and cheaply than many other mitigation and adaptation options (Robinson 2004, Socialdata 2004).

Recommendations:

- **Governments adopt highly cost-effective travel behaviour change measures to achieve reductions in fuel use**
- **Higher fuel taxes be introduced to reduce oil consumption**

Transport planning

The current National Cycling Strategy 2004-2010 recognises the need for allocating funds to cycling within the roads budget. Local governments have a vital role to play in creating cycle friendly environments but many lack the financial resources to do so. The Roads to Recovery program has been a very popular and effective program to provide roads funding to local governments; a similar program such as 'paths to recovery' or 'trails to recovery' could be an effective tool to create more cycle friendly environments and increase the number of trips made by bicycle. There is clear evidence from overseas as well as Australia that creating cycle friendly environments, infrastructure and regulations are effective ways to change travel behaviour.

Longer-term it would be appropriate for transport proposals to be assessed against criteria taking into account the many facets of transport planning and urban planning. Transport planning agencies would then have a brief for integrating planning across the available transport modes e.g. buses with space for carrying bikes.

Recommendations:

- **A 'paths to recovery' or 'trails to recovery' program financed by the Commonwealth Government be established to provide funding to local government for cycling infrastructure**
- **The methods for assessing transport proposals and the divisions between transportation planning agencies be re-evaluated as the dominant assumption of indefinite cheap petrol becomes invalid**

Urban planning

To ensure adequate cycling infrastructure it is necessary to consider features of urban design, especially in relation to new developments, that may encourage increased cycling. Some of these factors include:

- Subdivision layout – legibility/ permeability and internal infrastructure – paths etc
- Traffic volumes /speeds
- Location of workplaces, shops, schools and public transport
- Links to neighbouring/trunk cycling facilities e.g. cycle paths, greenways
- Integrated networks of bicycle facilities with appropriate signage
- Residential bicycle parking facilities

Facilities such as bicycle parking, lockers, showers and change rooms at workplaces and other destinations can also encourage cycling.

Recommendation:

- **Urban planning and design principles that encourage cycling should be incorporated into state, territory and local government development requirements and considered when approving developments**

Tax concessions for salary packaged and four wheel drive (4WD) vehicles

Cars provided in salary packages are presently subject to FBT concessions. This has become a \$1 billion p.a. financial burden. One of the indirect consequences of current FBT regulations is that they encourage greater use of cars to qualify for a lower tax rate. Also, buyers of 4WD vehicles pay only a 5% import duty compared with the 10% rate for cars. This amounts to a subsidy of over \$100 million annually (Denniss, 2003) for vehicles which use considerably more petrol than an average sedan.

Recommendation:

- **The FBT concession for motor vehicles and the 4WD import duty concession be abolished**

REFERENCES

Ashton-Graham, C. 2003, manager of the Travel Demand Management Team (i.e. TravelSmart programs), Department of Planning and Infrastructure, WA at the Connecting Cycling Conference, Canberra, 20-21st November 2003

Australian Sports Commission, Participation in Exercise, Recreation and Sport, Annual Report 2004, November 2005

www.ausport.gov.au/scorsresearch/ERASS2004/ERASS2004.pdf

Davies, R. 2005, "Think Walking." Presented at Connecting Cycling 2005: planning for healthy communities, 5-8 October 2005, Brisbane, Australia

Denniss, 2003, Implementing Policies to increase the sustainability of transport in Australia, at Western Australia: Beyond Oil?

www.stcwa.org.au/beyondoil/implementing_policies.pdf

Dodson, J and Sipe, N (2005) Oil Vulnerability in the Australian City

www.griffith.edu.au/centre/urp/URP_RP6_OilVulnerability_Final.pdf

Litman 2004, Victoria Transport Policy Institute, Quantifying the Benefits of Nonmotorized Transportation For Achieving Mobility Management Objectives,

www.vtpi.org/nmt-tdm.pdf

Litman 2005a, Victoria Transport Policy Institute, Efficient Vehicles vs. Efficient Transportation, www.vtpi.org/cafe.pdf

Litman 2005b, Victoria Transport Policy Institute, Appropriate Response to Rising Fuel Prices, www.vtpi.org/fuelprice.pdf

National Cycling Strategy 2005-2010

www.abc.dotars.gov.au/downloads/TheAustralianNationalCyclingStrategy2005-2010.pdf

Robinson, B.W, Fleay, B, Mayo, S.C., (2005) Impact of Oil Depletion on Australia Abstract and PowerPoint slides from the ASPO Fourth International Workshop on Oil Depletion, Lisbon 2005.

Socialdata 2002, Socialdata for Department of Planning and Infrastructure, WA, *How Joondalup Residents Travel: Findings of the 2000 City of Joondalup Travel Survey*, April 2002, p20

AUTHORISATION FOR THIS SUBMISSION

This submission was authorised by the Executive Director of the Bicycle Federation of Australia and the Program Director of the Cycling Promotion Fund. Their contact details are below.

Peter Strang
Executive Director, Bicycle Federation of Australia
PO Box 499 Civic Square ACT 2608
T: 02 6249 6761
F: 02 6230 6898
execdirector@bfa.asn.au
www.bfa.asn.au

Rosemarie Speidel
Program Director, Cycling Promotion Fund
PO Box 3052 Auburn Victoria 3123
T: 03 9818 5400
F 03 9818 4535
speidel@ozemail.com.au
www.cyclingpromotion.com