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Australian Green Development Forum

27 February, 2009

Committee Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Sir / Madam

RE: **Senate Inquiry into Public Transport**

Inquiry into the investment of Commonwealth and State Funds in Public Transport infrastructure and Services

We refer to the above inquiry and congratulate the Senate on focusing on this critical aspect affecting the functionality, livability, social equity, productivity and sustainability of cities and regions. Accordingly we are pleased to provide the following submission.

The Australian Green Development Forum (AGDF) is a non profit organization dedicated to the acceleration of the uptake in sustainable practices in the development industry.

Public Transport is seen as a fundamental foundation of successful cities. The apparent convenience and comfort of private motor vehicle travel for the majority of trips, supported by massive public road infrastructure investment, has been increasingly recognized as unsustainable on many fronts; congestion, noise, air and water pollution, accident and injury costs, land area requirements for roadways, urban sprawl, and household, business and public economic costs fro both private vehicle ownership and running costs, and public investment in public roads. More recently, these issues have been supplemented by grave societal risks posed by climate change and liquid energy supply cost vulnerabilities.

It is considered essential that Australia undertakes a rapid transformation of its transport systems in order to transition to a sustainable, equitable and economically robust society. Whilst (efficient) private motor vehicles will continue to play an important role in society, it is imperative that societal policies and resources cease to continue to subsidise private vehicle use in cases where private vehicle travel is not the most suitable mode.

Whilst all of the aspects included in the terms of reference are important and valid, this submission is relatively narrow in focus, consisting of short position statements, as well as some specific recommendations with respect to Fringe Benefits Tax, and Electric Bicycle regulations:

(b) ***current and historical levels of public investment in private vehicle and public transport services and infrastructure***

It is considered that, in general, sufficient capacity has been already been provided for the majority of the road network in Australian cities, and that future strategic investment bias must be directed to more efficient transport modes. No city in the world has successfully addressed transport congestion by road construction. It is time Australian cities ceased investing in this futility.

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(c) ***an assessment of the benefits of public passenger transport, including integration with bicycle and pedestrian initiatives***

Public (mass) transport, combined with other active transport modes and better integration of employment with residential, is critical to the efficiency of cities. In order for PT to work effectively, it is essential that the transport network is seen as a total system. If people are to avoid using a private vehicle this must includes the *complete* journey from origin to destination. Accordingly pedestrian and cycle networks must be safe, convenient and connected. Additionally, end of trip facilities for cyclists, such as showers, lockers, safely positioned cycle racks etc need to be provided at transit stations and employment areas. Many European cities attain significant transport mode share from cycling due to dedicated infrastructure investment and supportive policies.

In South East Queensland, for instance, State government investment in pedestrian and cycling infrastructure represents approximately 1% of anticipated transport infrastructure investment. (South East Queensland Infrastructure Plan and Program, 2008 – 2026) Whilst State and Local governments could make dramatic improvements in pedestrian and cycle networks by a relatively minor shift in the percentage of transport infrastructure investment, to say, 3%, the Commonwealth could proactively stimulate this shift by tying a proportion of their transport funding to increased State and Local government investment.

Recommendation
Commonwealth to stimulate increased pedestrian and cyclist infrastructure investment by State and Local governments by tying Commonwealth contributions to increased investment. Eg Match State and Local government funding dollar for dollar in any city or region for the extent to which transport infrastructure investment exceeds 2.5% of total transport infrastructure budgets.

(d) ***measures by which the Commonwealth Government could facilitate improvement in public transport services and infrastructure***

It is considered that significant Commonwealth Investment in Public (and freight rail) Transport infrastructure is one of the most important nation building exercises that the Commonwealth Government could be undertaking.

In particular the Commonwealth Government has to become a major participant in the funding of passenger and freight rail services. Rail systems around the nation are suffering from extremely dated infrastructure and alignments and inadequate corridor capacity. Rail provides the highest people per hour capacities for public transport, and is critical to addressing congestion.

Urban growth areas of major cities typically have rail services planned, but excessive and inappropriate delivery times, due to State focus on road funding. Most State Governments have little hope of providing significant extensions and capacity increases to the rail network without additional funding sources.

Trunk public transport services play an important role in provision of affordable housing and facilitation of housing supply in growth areas. This is discussed in more detail in **Appendix A**

Superannuation Funds
The Commonwealth government is in a position to offer government Public Transport Infrastructure bonds to Superannuation funds, at a relatively affordable cost of funding. This investment by superannuation funds could form part of the stable, low risk component of superannuation funds. The harnessing of a proportion of superannuation funds into PT provides a strategic alignment between the financial return for fund members and the quality of the public realm, both of which are important contributors to future quality of life, which is the goal of fund members.

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Freight Rail

Whilst apparently beyond the terms of reference of this enquiry, it is suggested that freight networks require their own enquiry, as road freight causes in excess of 90% of road maintenance costs, due to heavy axle loads, become the 'design vehicle' for major roads, dramatically increasing road depth and therefore construction costs, and cause significant congestion, amenity issues, pollution and accidents.

To this end, increased Commonwealth investment in strategic freight rail routes can have a profound effect on the functioning of cities, and, over time, provide dramatic reductions in the cost of maintaining and upgrading the national road network.

In particular funding of the inland rail from Brisbane to Melbourne, in conjunction with the States, is possibly the most important transport initiative in the nation, as the east coast of Australia contains the most significant population centres and heaviest interstate road freight routes, but is hampered in rail freight by inadequate alignments and urban bottlenecks.

(e) the role of Commonwealth legislation, taxation, subsidies, policies and other mechanisms that either discourage or encourage public transport.

All legislation, taxation, subsidies and policies related to transport need to be examined to determine whether they are achieving positive public policy outcomes. Many policy positions have the inertia of long history, dating from eras where strongly supporting private vehicle travel was seen as good public policy.

Public policy outcomes need to be subject to overarching criteria of active facilitation of a transition to a sustainable, efficient and socially inclusive society.

Fringe Benefit Taxation

A prime example of poor public policy is the use of Fringe Benefits Taxes on employers for the provision of Public Transport benefits.

Currently, the provision of public transport benefits by businesses to employees is classified as a Fringe Benefit and subject to FBT. The imposition of FBT on business, in addition to the cost of providing the benefit, makes it uneconomic for businesses to provide PT benefits to employees. Subsequently, few businesses adopt this approach.

Accordingly the FBT fails in public policy terms as it:

- actively discourages business to support responsible commuting; and
- does not attain significant Commonwealth revenue due to the limited provision of this employee benefit.

<u>Recommendation</u>

- Abolish FBT on Business provision of part or full subsidies of employee PT and active travel costs; and
- Amend taxation provisions to allow employee PT and active transport subsidies as a legitimate business expense.

<u>Rationale elements</u>

- Employee travel to work is a fundamental component of business, and hence justified as a business expense;
- Provision of PT subsidies by businesses for employees provides additional business investment in PT services;

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- Commuter traffic is the primary component of peak transport demands, which creates pressure for public investment in road infrastructure;
- Additional PT patronage reduces peak transport loads on roads, freeing road capacity for necessary road trips, reducing the demand for road upgrade investments;
- Reduction in road upgrade investment frees up funding to support increased public investment in PT infrastructure, necessary to support increased patronage;
- Additional patronage supports increased PT service frequencies, which increases PT patronage;
- Combination of elements increases the speed of the necessary mode shifts to PT

Peak loading

The key issue to be addressed with business subsidies of PT is the potential to stress peak PT capacity loads. This can be mitigated by:

- Increased PT infrastructure, particularly in high capacity systems such as rail;
- Encouraging PT fee differentials between peak and off peak travel – small surcharge for peak travel, coupled with a small discount for off peak (tailor to be revenue neutral)
- Providing FBT exemptions for other active transport subsidies or benefits, such as bicycles and car share use, bicycle / motor bike / scooter parking;
- Allowing the equivalent benefit to be provided to employees who walk to work, so they receive an incentive rather than an effective disincentive;
- Continue to progress Urban Planning facilitation of Transit Orientated Developments.

Electric Bicycle Regulations

A currently unheralded component of the transport system is electric bicycles.

Whilst a State responsibility, most if not all States have existing regulations which limit the classification of an electric bicycle to an engine capacity of 200 watts. Electric bicycles which have motors exceeding 200W are classified as a motorcycle, thereby invoking motorcycle compliance requirements such as lighting, indicators, use of motorcycle helmets etc. These compliance measure add significant additional weight and cost to the electric bicycles, making them unviable.

Whilst 200W E bicycles are adequate for short trips on flat terrain, they become heavy and unwieldy on inclines. This lack of power negates one of the core reasons for using an E bike - to assist with riding up hills.

The regulation is ostensibly about safety, yet many conventional cyclists can easily exceed the speed of an E bike rider by up to 20 – 30 km/hr.

The alternative methodology is that the E bikes are limited by speed, rather than power. This would enable safety, whilst allowing E bikes to have the power to scale hills. Achieving this aim would allow E bikes to be a valid commuter option for those who live a little beyond their current perceived cycling range. This outcome would increase the range of cyclists who could commute to work and / or to their nearest trunk transit station. Bicycle, scooter and E bicycle travel to Trunk transit is considered a key underpinning of an effective transit system

Recommendation

Commonwealth Government work with the States to attain a nationally consistent increase to the electric capacity of E bikes, to , say, 500W, coupled with a speed power assist limitation of, say, 35km/hr.

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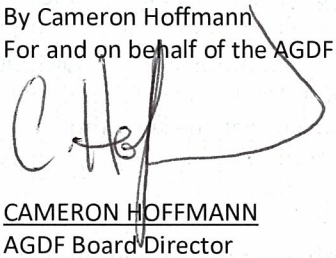
Summary
We again thank the Senate for creating this enquiry. We hope that the submission will be of benefit in proactively pursuing a rapid transformation of the transit systems of our cities and regions.

Please do not hesitate to contact the writer should you require any further information or input to the inquiry.

By Cameron Hoffmann
For and on behalf of the AGDF



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APPENDIX A – Public Transport and Housing Affordability

It is considered that Federal funding in public transport could play a vital role in helping to relieve the physical and philosophical bottlenecks currently frustrating attempts to address the provision of sustainable, affordable housing and community development.

In most major centres there is an undersupply of housing provision against demand, and major issues in accessing significant areas for new development in a timely manner. With respect to masterplanned communities, in particular, there is often an impasse where it is reasonably argued that these areas should not be opened up for development without provision of appropriate public transport. Whilst State governments now are generally in favour of providing such public transport, the costs are such that the timeframes for delivery are often in the mid to long term (they also tend to have existing commitments to major road projects which have drained the balance of the transport budget…)

The previous Commonwealth Government was largely absent from urban development debate and funding – whereas the Rudd Govt has committed itself to involvement in easing the affordability 'crisis'. It is considered that the Commonwealth Government could most beneficially reinsert itself into this issue by agreeing to work with State Governments to bring forward major strategic public transport projects, either addressing urban congestion and / or opening up land for sustainable affordable community development.

Bringing forward public transport would:

- Relieve one of the core bottlenecks holding up release of major land release areas;
- By virtue would create access to developable land, addressing the industry's land supply issue;
- Help society and new communities be more resilient against climate change/ carbon pricing/ peak oil/ electricity and resource price increases;
- Thereby help insulate the development industry from economic downturns arising from being underprepared for the above
- Provide action to help address Kyoto / climate change targets

Other Infrastructure Charging

The development industry is now capable of delivering vastly more efficient and successful community developments than in the past, particularly with respect to integrated water cycle efficiency, sustainable housing, mixed use walkable communities etc. It is imperative that industry continue to progress strongly towards global best practice in these areas. Major and consistent efficiency gains allows State and local government to calculate their infrastructure requirements on significantly lower per capita allowances, thereby helping to curtail infrastructure costs, thereby improving housing affordability.

Timely provision of strategic public transport allows effective master planning, and allows for a wider mix of housing forms based on certainty of access to PT. State and Local governments in conjunction with industry have the capacity to manage effective provision of other physical and social infrastructure, however can not realistically afford the necessary PT in a timely manner, without Commonwealth support.

Funding

Whilst there are many potential approaches, it is considered that the funding, in general, will be best achieved by the Federal Government matching the State, dollar for dollar.

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Housing Affordability

In addition to relieving supply pressures on housing, investment in strategic rail (or other trunk PT) networks will help to deliver new communities who have access to trunk PT early in the life of the development. In this way, less households will be dependent on two or more cars per household. The ability to avoid the need for a second car can save households in the order of $10 000 per year, effectively improving housing affordability.

In cities, effective PT integration with TODs can avoid the need for some to need a car at all.

Car Share

The ability to live effectively without a car, or without a second car is improved dramatically where residents have access to car share providers. Whilst this is relatively new to Australia, the Commonwealth Government could facilitate uptake of Car share schemes by replacing a proportion of the Commonwealth car fleet with Car share, as well as encouraging State and Local governments to support widespread adoption.