

Urban Mobility

4. ARA Submission to Senate Inquiry - Executive Summary

4.5 Improved national public transport planning and funding – *enabling the step change*

ARA's platform for improving the role of rail in urban mobility

Introduction

High quality public passenger rail services in Australia require good infrastructure and effective management of that infrastructure.

The ARA and the urban passenger industry are committed to both strengthening industry operating performance by cooperative best practice initiatives and securing an operating environment which optimises the opportunity for publicly funded urban rail to prosper. This includes a major collaborative research program involving the Commonwealth and urban passenger operators, through the [Rail Cooperative Research Centre](#) program.

To improve public transport infrastructure and services, the ARA has come to the view that:

'Nationally coordinated transport planning for Cities and Regions, complemented by long term funding for infrastructure, is vital to secure the future economic and environmental benefits of passenger transport in Australia'.

Put simply:

- current planning and funding for public transport in Australia is fragmented and is not performing sufficiently well. Sufficient experience and time has elapsed to be concerned that the failings are now endemic in our major cities, and is well known to governments, industry and the community; and
- nationally coordinated transport planning for Cities and Regions, complemented by long term funding for infrastructure is vital to secure the future economic and environmental benefits of passenger transport in Australia.

Infrastructure Australia's 2008 audit of national infrastructure declared:

'new public transport projects of the kind required to deliver a step-change in capacity and service tend to be large and expensive, particularly for rail'.

The Infrastructure Australia Building Australia (December 2008) report to COAG also indicated it was:

'clear that government at all levels including the Australian government, needs to provide greater investment in new public transport infrastructure, in order to expand current transport systems and ensure that existing infrastructure and public transport is utilised effectively and efficiently to mitigate effects on climate change'.

IA continued:

'the strategic policy choice facing Australian governments is whether, and under what circumstances, new urban rail systems should adopt new technologies. However, a move towards these technologies raises many issues. To avoid a repetition of the rail gauge problem from the 19th century, decisions on these matters need to be made with national input and intergovernmental collaboration. The network that exists today represents more than 40 years of consistent long term planning and investment. An equivalent national commitment to such planning and investment is required in Australia if new technologies

are to be applied to the public sector.'

The ARA considers the Commonwealth has the exclusive capacity to lead in strategic long-term planning, funding and appraisal for sustainable urban transport, including the upgrading of rail infrastructure and services and their connectivity with bus routes. It is no longer acceptable to plan one mode of transport independent of other modal needs. Integrated transport planning and long term funding is vital to secure our future as a nation.

ARA Proposals

The ARA has strongly encouraged the Senate Inquiry to recommend a **National Strategic Transport Plan and National Transport Infrastructure Fund** for national and holistic coordination for policy, governance, funding and delivery assurance/responsibility for performance outcomes in both public passenger and freight needs.

The National Transport Infrastructure Bank would have vested powers to disburse the funding in accordance with the National Strategic Transport Plan. The Plan and Bank would be funded jointly by the Commonwealth and States, and would disburse funds according to the National Strategic Transport Plan, on behalf of COAG. Funds would be targeted towards optimising the public transport mix in cities and major arterial roads.

The ARA is seeking Senate Committee support for a National Strategic Transport Plan, to be a recommended Commonwealth measure whose intent is incorporated into legislation.

ARA's argument for national transport planning and funding is set out in its urban mobility policy.

Link

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The Commonwealth role in land transport - Breaking from the past

Public transport infrastructure and services have been managed by the States which have focussed infrastructure spending on road systems for both passengers and freight movement. A major source of this funding has been the Commonwealth government but Australia as a whole (except Western Australia) has lacked the capacity to plan long term for major infrastructure, particularly urban needs, including major urban growth.

During 2004 discussions about the introduction of AusLink, the Commonwealth government declared it would retain those established funding arrangements for public transport, although it had already changed the governance of private land transport, stating:

'The Commonwealth view is that State and Territory governments are best placed to deal with the metropolitan and local complexities of public transport'.

Nationally, the Council on Australian Governments (COAG) has taken a leading role for reforms in land transport, principally on road transport, through the National Transport Commission (NTC). NTC has responsibility to develop, monitor and maintain nationally consistent regulatory and operational reforms relating to road, rail and intermodal transport.

In February 2008, the NTC provided strategic policy advice to the new Commonwealth Minister for Infrastructure, Transport, Regional Development and Local Government in its *National Transport Policy Framework. A New Beginning*. This included passenger transport and anticipated future policy relative to environmental performance and social inclusion.

The NTC saw this framework as:

- serving as an explicit statement by all transport ministers that they are committed to advancing a national agenda, supported by revised inter-governmental arrangements and a public work program; and
- being consistent with the outcomes of the December 2007 COAG meeting and the new Commonwealth Rudd government, "to signal a fundamental break with the past." The 2006 ALP Platform on Nation Building for cities and transport had foreshadowed a necessary break and shift towards urban liveability and holistic sustainability, not merely driven by financial priorities.

In January 2009, the Australian Transport Council (ATC) issued terms of reference for a review of the NTC including calling for submissions by 6 March 2009 in response to a discussion paper and some strategic

questions pertinent to public transport and relevant to the terms of the Senate Inquiry into the Investment of Commonwealth and State Funds in Public Transport Infrastructure and Services.

The ARA considers that the current system of planning and funding for public transport in Australia is not performing sufficiently well. It is fragmented and the failings are now endemic in our major cities and the failings are well known to governments, industry and the community.

State (and local) governments and institutional complexities make it difficult to develop and stick to strategic long-term infrastructure planning, funding and delivery of projects and services. Strategic vision and coordination is overwhelmed by shorter-term pressures about many issues such as land release, housing affordability, and regional, cross-boundary issues such as parking policy.

There are failings (and loss of public confidence) in the metropolitan strategic plans to deal with the new and existing rail systems, the disparate needs of the public transport sector and road use for private vehicles, and integration with urban design, renewal and growth.

Changes are needed to current funding arrangements for public transport, particularly to enable strategic planning for the appropriate mix of modes in urban areas rather than rely on bus transport.

A May 2008 ATC Communiqué declared that:

'Current national governance arrangements in surface transport are fragmented or non-existent'.

Funding and planning need a national governance model, such as that proposed by the ARA in its submission to the Senate Inquiry into the Investment of Commonwealth and State Funds in Public Transport Infrastructure and Services.

National transport policy outlined by ATC and engagement of COAG

The [Australian Transport Council \(ATC\)](#) has previously been advised by a former Australian Passenger Transport Group (APTG). But in May 2008, the ATC responding to calls by the community and the 2020 Summit issued a Communiqué that:

- declared "Current national governance arrangements in surface transport are fragmented or non-existent"; and
- announced a national transport policy at least in outline.

The ARA supports this new initiative for national and integrated governance for Australia's transport future as a step in the right direction.

The ATC has stated that it sees value in having a national, co-ordinated approach. The 2009 NTC review is an opportunity to develop the outline of a national transport policy and to seek more widespread public consultation.

The Commonwealth through its various powers and the growing role (and public understanding) of the Council of Australian Governments (COAG), has the opportunity to play a leadership, collaborative and visionary role in the practical work of funding, and the co-ordination of public investment for public transport.

The Commonwealth has already established Infrastructure Australia (IA) and the Infrastructure Coordinator as Commonwealth statutory authorities. Their role is to take a nationally consistent approach to wide-ranging functions in its advisory and other functions to infrastructure broadly, including public passenger transport .

The ARA has proposed to the Senate Inquiry that it make use of this window of opportunity to address options for governance that for the first time brings urban public transport into the Commonwealth arena.

Commonwealth Legislation

Transport policy and infrastructure

With the May 2008 Australian Transport Council (ATC) announcement for a national transport policy to encompass public transport, a review of existing legislation may be necessary.

As part of this process, the ATC called for submissions for a review of the National Transport Commission (NTC) in January 2009. A final review report is to be provided to Ministers in September 2009.

Links

[Review of the National Transport Commission](#)
[ARA Submission to DITRDLG re NTC Review](#)

Climate change legislation: the CPRS

While the formulation of the CPRS is unclear, the rail industry has significant concerns that it may lead to the promotion of motor vehicle use compared to rail. It appears that there will be no cost for motor car users whereas passenger rail operators may incur carbon emission permit costs.

The ARA has recommended to the Senate Inquiry into ***the Investment of Commonwealth and State Funds in Public Transport Infrastructure and Services*** that it note the significant concerns of the rail industry relating to potential impacts of the CPRS.

At the same time the ARA has also made separate submissions to the:

- [Senate CPRS Legislation Inquiry](#); and
- [Senate Select Committee on Climate Policy](#)

Subsidies and incentives

Fringe Benefit Tax (FBT) Concession

For company-owned cars, the statutory formula used to calculate the concession is regressive, resulting in a lower taxation level the longer the distance traveled.

This concession has been raised repeatedly as the loss of tax revenue is estimated at over \$1 billion per annum. For example, the Senate Committee Oil Report (2007) recommended that:

‘the government review the statutory formula in relation to fringe benefits taxation of employer-provided cars to address perverse incentives for more car use’.

The National Transport Commission in 2008 recommended short term:

- a review of existing taxes and subsidies that can adversely affect congestion; and
- the current FBT concessions for car use that provide incentives to increase annual km driven should be completely phased out within 3 years.

The Commonwealth government has since referred the FBT concession for cars issue to the Henry Review of Australia’s tax system, due to report in 2010.

The ARA’s submission to the Senate Inquiry into ***the Investment of Commonwealth and State Funds in Public Transport Infrastructure and Services*** has asked the Senate Committee to consider the following and refer their considerations to the Henry Review:

- to review all taxes and subsidies that support car use, in urban and rural areas;
- signal a decision to progressively save tax revenue for redirecting to a fund for improving public transport (and sustainable urban transport); and
- remove the FBT concession for cars, fuel and car parking; first, within two years, remove the statutory formula or any incentive to increase annual km driven in the vehicle, or failing this, introduce sustainable travel incentives.

Interestingly, the Canada Revenue Agency in 2006 introduced a non-refundable tax credit assist Canadians cover the costs of public transit. More information on this can be found in Section 10.3 of the ARA submission to the Senate Inquiry.

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Policy clarity for public transport concessions

As part of the ARA’s call for the introduction of new governance arrangements for public transport planning and funding, the costs of concessions to the public transport sector could be reimbursed from the relevant portfolios such as student concessions to be funded by the education portfolio; aged concessions by the health and ageing portfolio; the poor and disadvantaged by the community services portfolio.

Such a step could improve cross-portfolio/joined-up decision making about urban development and other policies in portfolios outside transport that have considerable impacts on transport such as the removal and reinstatement of school catchment areas to increase the potential for children to walk or cycle to school.

Travel demand management programs and evolution

The ARA has proposed to the Senate Inquiry funding support for ‘traffic demand management’ (TDM) and evolution of programs and their administration by the Commonwealth. This was based on the 2005 Sustainable Cities Report’s Recommendation 10:

‘... the Australian Government provide adequate funding to develop new programmes and support existing programmes, such as TravelSmart and the National Cycling Strategy, that promote and facilitate public and active transport options’.

Travel Demand Management (TDM) programs aim to change demand for travel (the number of trips, the mode, the timing of the trips) to reduce the pollution hazard of urban motor traffic congestion and to manage urban air quality.

The key is to bring activity centres closer together, within the walking and cycling catchment of the household, or accessible by public transport so that fewer and shorter trips are made by car.

This illustrates the importance not only of public transit/transport-oriented development (TOD) but also the need to lead development with public transport.

To reduce the pollution hazard of car use, it is necessary to integrate land use-transport planning at the top of a set of controls within an overarching economic and legislative policy framework.

In addition to State-based programs, the Commonwealth government has been providing funds to the States for ‘behaviour change’ programs, under the trademark TravelSmart, funded from the greenhouse budget.

In Australia, TravelSmart as a source of funding became equated with TDM although some ideas have been imported from the European (and North American) practice of Mobility Management. These ideas give a greater emphasis to the social, communicative relation between the organisation that is the trip generator and the people travelling there, particularly where these social relations are ongoing, as in a workplace or educational facility.

To reduce car use requires some capacity-building of both the trip generator and the people travelling there. Organisational changes are likely, to evolve from car dependency, not merely change by individuals including:

- communications about access, workplace policies and facilities;
- relations between trip generators and local councils to facilitate the improvements for walking and people cycling; and
- relations between local councils and public transport operators.

Urban transport policy requires a break from the past. The Commonwealth government could fund sustainable urban mobility, lead and enable organisational involvement. It is timely too, with changing roles in Commonwealth departments and agencies, for newer style programs to be brought within the mainstream of urban management and transport.

Further detailed information is provided in the ARA submission to the Senate Inquiry.

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Funding and support for active travel facilities

Many of the larger local councils have promoted and provided resources for active travel resulting in increased public transport patronage supported by higher levels of cycling. Levels could be higher if planning of cycling and pedestrian facilities in urban areas were undertaken together to better address the needs of people moving about and interacting in particular places.

This new approach seeks to increase active travel generally rather than focus on specific modes of travel.

Improved cycling ‘physical’ infrastructure is vital to allow people to cycle more safely through major road intersections as well as attracting more people to cycle. Current inadequate cycling conditions and overloaded public transport services at peak hours is a deterrent to organisations adopting workplace travel plans as part of their corporate sustainability planning.

The ARA supports the National Cycling Strategy, as recommended in the Sustainable Cities Report and more recent proposals by the Council of Capital City Lord Mayors for Commonwealth infrastructure funding to make

a step-change in cycling infrastructure - for greater safety and to enable people to use a bicycle to get around including travel to the railway station.

Public transport – including walking and cycling

Transport planning needs a whole-of-government approach owing to decisions about urban management.

The World Health Organisation (WHO) Commission (2008) stated that transport is a significant social determinant of health and health inequality and recommended:

'Local government and civil society plan and design urban areas to promote physical activity through investment in active transport; encourage healthy eating through retail planning to manage the availability of and access to food; and reduce violence and crime through good environmental design and regulatory controls, including control of the number of alcohol outlets.'

The Australian health sector also has an interest in achieving better outcomes for prevention of chronic diseases.

Developments in Canada

In 2007, *A National Transit Strategy for Canada*, was proposed by the Big City Mayors' Caucus of the Federation of Canadian Municipalities. Together with the Canadian Urban Transit Association, the Canadian federal government is being urged to implement this national strategy.

The Canadian strategy is intended to serve major goals:

- increased transit ridership and reduced automobile dependency;
- greater economic competitiveness of Canadian cities;
- an enhanced quality of urban life; and
- reduced greenhouse gas emissions and improved air quality.

Its key elements are:

- dedicated federal transit investment of \$2 billion a year to maintain, renew and expand transit services across Canada;
- Federal tax incentives for individuals to choose transit, such as an income tax exemption for employer-provided transit benefits;
- support for research to enable innovation and make transit operations more effective and efficient;
- a requirement for recipient communities to approve integrated land use and transportation plans that make transit the primary means of serving future growth in travel demand; and
- Intergovernmental cooperation to ensure that accountability measures are in place for ensuring the effective use of funds.

This Strategy has attracted strong stakeholder support from national and city business groups.

The ARA has recommended that the Senate Committee closely consider this Strategy as a suitable model to adapt for Australia. Click here for an [overview of the Strategy](#).