

Public Cover Sheet



Inquiry into Managing Transport Congestion

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Submission to VCEC Inquiry into Managing Transport Congestion

1. Key sources of congestion

1.1 Peak hour commuting

The largest source of congestion on Melbourne's roads is peak hour commuting by private vehicles. Private vehicles are highly inefficient for city commuting, even if shared. They cost 2.8 times more per trip than public transport (Bureau of Transport Economics estimate), create congestion and occupy valuable land for parking. By contrast, one train can transport as many people as 5km of cars; one tram can replace 50 cars and one bus, 38 cars. With an expanding urban population, reliance on mass transport by private vehicle is a recipe for increasing congestion as there can never be enough road space or inner city car parking to cater for private vehicle commuting.

Fundamental to managing congestion is dealing with the key sources of congestion by providing more rational means of commuting - namely through provision of public transport

1.2 Salary packaging

Some 30-40% of cars on roads are salary packaged vehicles. A sizeable proportion are government vehicles. Governments contribute substantially to congestion through policies which encourage car use for commuting even though such use is more costly and less efficient than public transport, walking or cycling. Further, cost penalties on vehicle usage through increased petrol and other vehicle running costs, parking fees or congestion charging have limited impact in relation to the 30-40% of salary packaged vehicles as these charges are imposed on employers, rather than the user.

Provision of vehicles to government employees accelerated in the mid 1980s as Governments sought to emulate private sector salary packaging without regard to the consequences in terms of contributing to road congestion. Re-assessment of this approach is required to limit vehicles in salary packaging starting with the phasing out of providing vehicles in all government employment.

1.3 Fringe Benefits Tax and other Government subsidies for cars

Federal government tax incentives through fringe benefits tax (FBT), also operate to encourage vehicle usage, whereas there are limited deductions for public transport costs. Introduced in 1986, FBT gives tax advantages for travel by car, advantages that are not available for non-car based modes. Generous FBT concessions mean that company cars can attract tax of as little as 10% of their value, whereas FBT on an annual public transport pass is around the equivalent of the cost of the pass itself. Moreover, the more the car is driven, the higher the tax advantages.

In 1999, the Ralph report on business taxes recommended changes to the FBT, including the drive-more, pay less-rule. Action on this recommendation in the review by John Ralph on the effect of FBT and taxation in encouraging car use is still needed.

VCEC is urged to recommend that the State government take up this issue at COAG.

1.4 Short car trips

As 12% of all car trips are less than 1km, 30% are less than 2kms, 40% less than 3km and 50% less than 5kms, there is considerable scope to reduce congestion by encouraging non car based modes for these short trips. Distances of 2-5 kms are ideal walking or cycling distances.

Mechanisms to encourage non car based modes, especially for short trips, include:

- Information on reverse of tickets stating – “Do you know that 40% of car trips are less than 3kms – short car trips are inefficient, reduce vehicle life and adversely affect the environment. Why not walk or cycle instead, at least 2-3 times a week!”
- Similar messages at train, tram and bus stops and promotional campaigns
- Enhanced travel smart programs targeting schools and workplaces
- Encourage public transport messaging in event promotion and job advertising.

1.5 Increasing road freight

The increased number of freight vehicles is another significant contributor to road congestion. Projections for the next decade indicate a 50-80% increase in road freight journeys. While, there is need to expand the use of rail for long distance journeys, there is scope for greater efficiency in road freight transport, particularly as regards empty return journeys. A logistics system involving transport bookings on the lines of that applicable to air travel, would enable combinations of freight journeys and utilization of empty, near empty or spare capacity on freight vehicles.

2. Solutions to Congestion

2.1 Solutions to Congestion must support integrated transport: Transport congestion needs to be dealt with in the context of the rationale for the inquiry – that is support for:

“An efficient, integrated system of roads and rail throughout Melbourne and in regional cities for the smooth transit of good and people in a modern economy”.

Solutions to congestion must be tested against this rationale; that is solutions that do not support an efficient integrated system of roads and rail should not be given weight, only those which contribute to an efficient integrated transport system should be supported. For example:

- building more freeways will not support an efficient integrated transport system; as stated earlier, a policy which encourages car transit will ultimately lead to more congestion;
- similarly a policy of expanding clearways serves to encourage transit by private vehicle including by inefficient sole occupancy vehicle commuting and detracts from encouraging use of public transport;
- congestion charging can lead to government reliance on resulting revenue undermining more constructive action to reduce congestion because of potential adverse effects on government income.

2.2 Public transport: Managing transport congestion requires the provision of mass transit systems along key corridors to cater for transport demand. The Government's Melbourne 2030 Strategy and Transport policies recognise this in the stated goal of achieving 20% public transport use by 2020. From a congestion and efficiency perspective, rapid mass transit requires rail systems along all key corridors. Critical lines to deal with congestion are:

- Doncaster to Victoria Park (stage 1) and beyond to the University of Melbourne and North Melbourne (stage 2). The demand for public transport on this corridor is exemplified by the 100% utilisation rate, within several months, of the National Bus park and ride facility opened at Doncaster. In the 1970s when the Eastern Freeway was built, the design included provision for rail. Some tunnelling construction work was, in fact, started in the 1970s, near Hoddle Street. Overpasses were also built to cater for rail. This long promised 1970's project needs to be resuscitated.
- Epping-Mernda as announced as part of 1999 Labor election policy. Stage 1 is needed immediately to Mernda, with a Stage 2 beyond to Yan Yean ;
- Extension of the Geelong line from Laverton to Point Cook.
- Extension of the Glen Waverley line to Rowville
- Melbourne to Tullamarine airport – with rail travel built into airline ticketing systems.

Associated with encouraging public transport use is the need for improvements in access to and cost of ticketing. This involves greater use of annual transport passes at substantial discounts on the cost of individual ticketing. Ticketing also needs to match the convenience of inserting car key and driving off.

2.3 Congestion Charging: The aim is to impose a defined cost on use of road space in recognition of the costs of congestion and to provide incentives to limit use of private vehicles in congested areas. However, there are complex issues involved in congestion charging

- If there is no reasonable alternative to private car use, then a congestion charge cannot achieve the objective of seeking to reduce congestion. Such charging then operates as a new tax on people living in transport and amenity poor outer suburbs. People move to outer suburbs, particularly first home owners, because they cannot afford the costs of housing in inner and middle Melbourne where there is better access to transport, employment and services. For those residents, a congestion charge is a regressive tax impost.
- Congestion charges already operate in the form of substantial car running costs, at 2.8 times the cost of public transport per trip. The running costs of vehicles on congested roads, driven on a stop start basis, are also higher than on unobstructed roads and substantially reduce vehicle life. A substantial proportion of car running costs is related to government fees and charges: petrol tax; GST on petrol; GST and other taxes on car purchase, car parts and insurance including funding third party (TAC) insurance; payroll tax, WorkCover Insurance, company tax, BAS, PAYE, superannuation tax etc on businesses and employees producing and/or

transporting cars, accessories and fuel; as well as motor vehicle registration and new parking charges. A congestion charge should be offset against other forms of taxation.

- If congestion charging mechanisms, are not well managed, congestion on other roads can increase as drivers use these alternative routes to avoid charged roads.
- Congestion charging can lead to government reliance on resulting revenue. Governments can then have a conflict of interest (as with gambling revenue) between loss of revenue and resolving congestion problems. Thus alongside any introduction of congestion charging, priority must be given to transport modes which provide the most efficient use of road space – ie public transport, cycling and walking.

These complexities are not raised to oppose congestion charging, but to ensure that if such charging is accepted as a policy outcome, the above factors are provided for in the framework for introduction.

2.4 Clearways are counterproductive: The goal of efficiency in using road space has led to greater demands for clearways as a means of reducing congestion, that is providing more road space with the aim of enabling more vehicles to travel during peak periods. Caution is required in acting on this engineering approach:

- To the extent that clearways encourage commuting by private vehicle rather than alternative more efficient means of travel, they are not an effective means of dealing with congestion.
- access to and the economic viability of activity centres is undermined by clearways. Apart from reducing access for commercial and other activity for several hours a day, clearways also offer no noise and pollution buffers to pedestrians along Activity Centres at peak times. They prevent upgrading of the amenity of activity centres through treeplanting and footpath widening.
- Many clearways are, in fact little used by cars; this is due to a range of factors: strays cars are often parked in clearways; clearways are increasingly used by cyclists eg Bridge Road, Johnson Street, St Georges Road. As commuter cycling increases as it will, any benefits of clearways to increase road space for vehicle travel will be short lived.

A major rethink is needed on clearways giving priority to commuters to travel rapidly through an Activity Centre, rather than to supporting access to Activity Centres by those seeking to engage in business there. Priority should not be given to vested interests of sole occupancy commuters depriving access to commercial activity in strip shopping centres for 4-5 hours a day during key business hours.

Clearways are an engineering solution to maximizing throughput of cars introduced without regard for the damage caused by commuting vehicles, creating congestion along the way, then doing the same in reverse at the other end of the day. No new clearways should be introduced while existing clearways should be phased out.

2.5 New Melbourne Airport: There is significant congestion along the Tullamarine Freeway given that this is the only international airport servicing Melbourne, when the bulk of Melbourne's population lives on the other side of the City. Increasing expansion of Melbourne and International travel requires a new airport on the eastern side of the City, also servicing Gippsland, Mornington, Western Port etc. It is critical that a new airport reservation is made for this now before further expansion makes this impossible. The airport will need to be serviced by a rail system so the new airport location can integrate with rail. It should also be linked to port facilities.

3. Barriers to achieving progress

- 3.1 Lack of strategic transport planning or effective integration of transport and planning policies between Departments of Infrastructure, Sustainability and Environment, Treasury, Premiers, and VicRoads. There is need for an Integrated Transport Commission with the direct mandate to plan for and implement an integrated transport system for Victoria. Implementation will require both federal and state funding commitments for mass public transport systems to remedy decades of neglect of public transport because of reliance on the private vehicle as a mass transit system.
- 3.2 Capacity constraints in the rail system exist and investment is required to remedy these. Such restraints however, should not be used as an excuse to delay planning new rail infrastructure. Capacity constraints in the rail system can be addressed so that these are resolved prior to opening of new services. It should also be noted that Melbourne's rail system, without advanced technology, was able to cater for many more rail trips to the City in the 1950s than at present. The 550 million public transport boardings per day between 1950-1955, is contrasted to 350 million boardings per day in 2000 (see Indicator TR2; Public Transport Use in Melbourne 1947-2003, Environmental Indicators for Melbourne, Bulletin 8, Australian Institute of Urban Studies & City of Melbourne, 2005).
- 3.3 Lack of effective integration of transport and planning policies between Federal, State and local governments.
- 3.4 Failure by the State government over several decades to undertake effective transport planning and investment for rapid mass transit systems, instead encouraging car use. This has created a major transport infrastructure deficit which requires concerted investment to redress.
- 3.5 Failure to apply proper triple bottom line assessment criteria when comparing investment in roads compared with rail transport. The \$4 billion cost of accidents and similar costs in congestion and ill health through vehicle emissions are usually excluded from comparisons of vehicle and rail costs.