

The Hon John Brumby MP
Treasurer of Victoria
1 Treasury Place
MELBOURNE VIC 3002

24 February 2005

Dear Treasurer,

2005-06 Budget Submission

The Public Transport Users Association (PTUA) would like to congratulate the Bracks government on what looks like being its fifth straight annual operating surplus for the State of Victoria in 2004-05. The PTUA appreciates that achieving these results have not been without challenges, such as the bailout of private transport operators precipitated by the misguided privatisation of Melbourne's public transport system.

Fiscal Challenges

The PTUA also recognises that the State faces a number of fiscal challenges into the future as the population ages and traditional revenue sources come under pressure. As the Victorian government correctly highlighted in its submission to the Productivity Commission Inquiry into the Economic Implications of an Ageing Australia, "health expenditure presents the primary fiscal challenge associated with population aging" and "...there is much we can do to manage future health costs by ensuring future populations are healthier...". As the Productivity Commission inquiry has found, the actual fiscal burden of an aging population will be heavily influenced by non-demographic factors such as the trend towards more sedentary lifestyles resulting in increased obesity, heart disease, etc.

At the same time, the government faces numerous calls for increased investment in infrastructure. The government now faces some fundamental choices: it can commit to infrastructure that entrenches a sedentary lifestyle and fossil fuel dependence, or it can refocus its attention on a system that encourages a more active lifestyle, is more ecologically sustainable and promotes a more liveable urban environment.

A transport network for cars or a network for people

For much of the post-war period transport and urban planning was dominated by catering for cars at the expense of public transport and non-motorised forms of mobility such as walking and cycling. Faced with comparative neglect, public transport services have suffered poor standards of reliability and subsequent declining passenger share. The legacy of this approach is car dependence and reduced physical activity, increasing congestion on key roads, air pollution, hundreds of road deaths and thousands of injuries each year, and social and economic exclusion for people living in sprawling suburbs that are poorly serviced (or not serviced) by public transport. The direct cost of this car dependency at a national level could be in excess of \$30 billion per annum (see Appendix A), with a significant portion of this falling upon Victorians. Indirectly, the pollution and reduced physical activity inherent in car dependency also contribute to a host of illnesses ranging from cardio-pulmonary diseases to cancer that cost hundreds of millions of dollars each year¹.

¹See PTUA Submission to the Productivity Commission Inquiry into the Economic and Environmental Potential offered by Energy Efficiency, available online at: <http://www.pc.gov.au/inquiry/energy/subs/sub063.pdf>

The Victorian government has an opportunity to redress the current imbalance in favour of the motor car by shifting transport expenditure towards public transport infrastructure and services in such a way that extends the spatial coverage of the network (i.e. reaches more people) and enhances the temporal coverage of the services (i.e. more services, more often, for more of the day).

We are fortunate to have inherited the foundations of an extensive public transport network, however a relatively small number of gaps inhibit the capacity of the network to offer a genuinely convenient and integrated public transport service befitting a major city. Many of these gaps can be filled through relatively inexpensive projects such as extending tram lines that currently finish a few hundred metres short of a train station, or redesigning bus routes to make them faster and better integrated with the heavy and light rail networks.

Despite these good foundations, the government risks falling far short of the 20 per cent modal share targeted for public transport in *Melbourne 2030* unless greater emphasis is placed on public transport in government policy. The doubling of public transport patronage that the *Melbourne 2030* target represents will not be achieved by pursuing the *status quo*. A genuine redirection of funds to priority public transport enhancements, rather than a relabelling of roads expenditure as public transport funding as has been done with the Wellington Road widening, would improve the attractiveness of the service and encourage people to get out of their cars and onto the train/tram/bus/bicycle/etc. The payoffs for the Victorian government would include a more active and healthy population, reduced greenhouse emissions and other environmental impacts, and a reduced need to spend large sums of money on car-based infrastructure projects whilst still reducing road congestion by shifting journeys out of private cars and onto public transport.

Public support for public transport

The PTUA was encouraged by recent polling that demonstrated around 90 per cent of Victorians support greater development of public transport – substantially higher than the opposition shown to toll-roads in the same poll (*Herald Sun* Issues Survey 2004, published 21 January 2005).

In support of greater development of public transport, we enclose a copy of *It's Time to Move* which elaborates on many of the issues raised above and outlines key priorities for government investment. In the context of the 2005-06 Victorian Budget, the PTUA would like to highlight the following selected projects from *It's Time to Move* in the interests of an economically and environmentally sustainable society in which all Victorians can participate.

Project	Indicative Cost	
	<i>Capital</i>	<i>Recurrent</i>
1. Stud Road Smartbus	\$7 million	\$1 million/year
2. Rail line duplication: Clifton Hill to Westgarth, and Keon Park to Epping	\$30 million	-
3. Epping to South Morang train extension	\$80 million	\$1 million/year
4. Vermont South to Knox City tram extension	\$50 million	\$1 million/year
5. North Balwyn to Doncaster Shoppingtown tram extension	\$40 million	\$1 million/year
6. Southland railway station	\$10 million	-
7. Level crossing elimination: Springvale Road, Nunawading	\$30 million	-

Although the above sums are not insubstantial, they are a fraction of the cost of comparable

proposals for car-based infrastructure, and will contribute to a healthier, more inclusive and more sustainable society with consequent savings in other budget expenditure and the “road deficit” mentioned above.

Yours sincerely

Daniel Bowen
President

Cc: The Hon Steve Bracks MP, Premier
The Hon John Thwaites MP, Deputy Premier
The Hon Bronwyn Pike MP, Minister for Health
The Hon Peter Batchelor MP, Minister for Transport
The Hon John Lenders MP, Minister for Finance
The Hon Lynne Kosky MP, Minister for Education & Training

The Road Deficit

The Road Deficit is a concept that describes the extent to which society subsidises private motor vehicle users. The ranges quoted below reflect various sources and estimates.

Revenue/Cost Item	Amount (\$ million p.a.)
Revenue	
Fuel excise	8,500 to 12,000
Registration fees	2,200 to 3,800
Tolls	600
Insurance premiums	8,000
Total Revenue	19,300 to 24,400
Expenditure, subsidies & externalities	
Road construction & maintenance <i>Spending by all tiers of government fluctuates, however BTRE figures suggest average annual expenditure in the region of \$X billion.</i>	4,600 to 7,580
Land use (land under roads) <i>The value of land under roads was estimated at around \$100-120 billion in 1996, suggesting a current value of at least \$120 billion adjusting for inflation or as much as \$267 billion after indexing in line with house prices. Assuming a 5% return on assets, this equates to over \$6 billion p.a.</i>	6,000 to 13,000
Congestion <i>Congestion on urban roads is a growing problem which is forecast to cost \$30 billion p.a. by 2015. Much research shows that road building does little, if anything, to alleviate congestion in the long-term.</i>	11,000 to 12,800
Air pollution <i>Motor vehicles are a key source of urban air pollution, causing and aggravating respiratory diseases.</i>	3,300 to 4,300
Climate change <i>The transport sector is one of the main sources of carbon emissions.</i>	2,400
Noise <i>The primary source of urban noise pollution is motor vehicles.</i>	1,200
Accidents <i>The human cost of traffic accidents includes loss of life and productivity and significantly exceeds the insurance premiums paid by motorists.</i>	5,000 to 15,000
Tax deductions for car use <i>Deductibility of motor vehicle expenses reduces taxation revenues for government, and the current tax system includes perverse incentives to excessive vehicle travel such as the statutory method under the Fringe Benefits Tax regime.</i>	2,800
Queensland fuel subsidy <i>The fuel subsidy provided by the Queensland government represents funds that could have been allocated to schools, hospitals, police, etc or not taken from Victoria under horizontal fiscal equalisation.</i>	500
Total costs	36,800 to 59,580
Road deficit	17,500 to 35,180

Source: PTUA Submission to the Productivity Commission Inquiry into the Economic and Environmental Potential offered by Energy Efficiency.