



MOVING PEOPLE

> Solutions for a growing Australia



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For the Bus Industry Confederation



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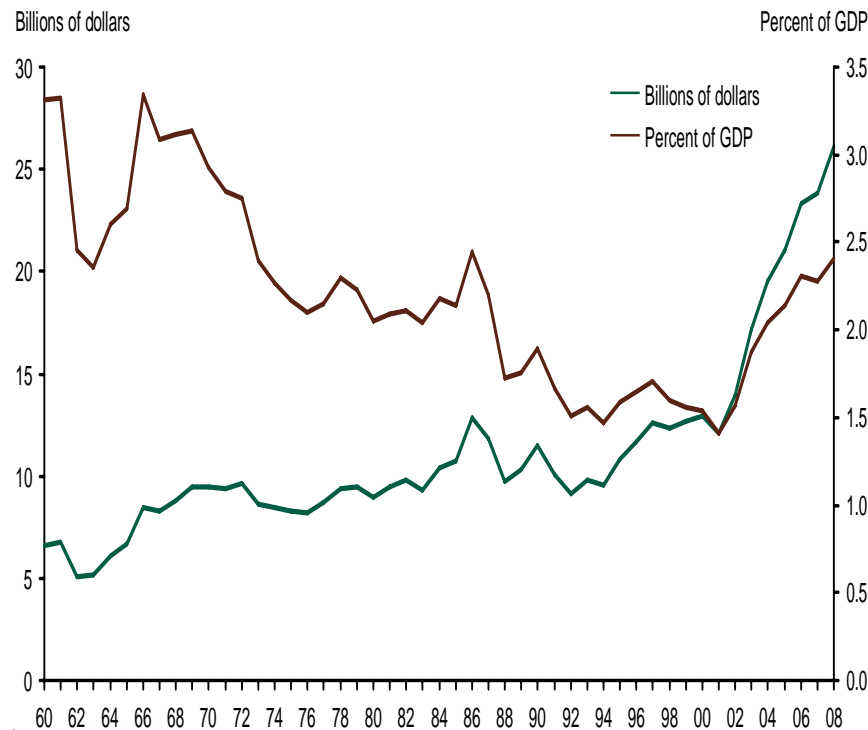


Key community goals for transport

- Economic competitiveness
- Environmental sustainability (esp. greenhouse gas emissions)
- Social inclusion



Declining infrastructure investment



- Australian transport investment halved as a % of GDP from the 60s to the late 90s
- The sharp turnaround in the 2000s has not closed the gap
- This is one important contributor to our current land transport problems

Note: Machinery and equipment and non-dwelling construction in the transport and storage industries, Chain volume measures





Critical policy challenges



- Congestion: costs high and rising
- GHG emissions from road transport: growing quickly
- Limited progress on reducing transport-related social exclusion
- Road injuries increasing
- Obesity a growing health concern
- Energy security declining





A seven point action plan



1. Increased investment in public transport
2. Freight capacity investment and efficiency improvements
3. Road pricing reform (replacing existing excise/charges with full externality pricing)
4. Improved accessibility for all (e.g. Behaviour change programs; Regional Accessibility Planning Councils)
5. More compact, walking and cycling friendly urban settlements (transit-oriented development)
6. Significantly improved vehicle fuel efficiency (mandatory targets)
7. Improved research and development (National Transport Research Program)

Federal Government involvement

- Time to get more involved: National interest dimensions demand a stronger leadership role
- Three key levers
 - National Transport Policy
 - Strategic funding (building on *Infrastructure Australia's* recommendations)
 - Policy implementation in specific areas (eg emissions, road pricing)





The pivotal role of pricing



Critical policy/program problems


- Congestion
- GHG emissions
- Social exclusion
- Energy security/price
- Safety/health

Road pricing reform


- Variable usage charge (inc. carbon price, air pollution, accidents, road damage costs)
- Tonne-kilometre (mass-distance) charging for additional road damage costs of heavy vehicles
- Congestion pricing by time and place
- Abolish existing excise and registration charges

New land transport policies and programs that will

- Reduce the need to travel
- Encourage travel by lower impact means
- Improve the environmental performance of travel
- Provide travel opportunities for all



Pricing reform: a key to efficiency and revenue raising



- An effective road pricing system would
 - Make users accountable for the costs attributable to their travel choices (inc. externalities)
 - Efficiently ration scarce road space
 - Give price signals for investment (changes in capacity)
 - Provide revenue to fund capacity expansion,



Failures of the current road pricing system

- Only explicitly charges heavy vehicles and only for road damage
 - With some charge averaging provisions
- Ignores most external costs (e.g. road congestion, GHG emissions, some air pollution, noise & accident costs)
- No link to investment decisions



A better way



- Abolish excise and registration charges
- Replace them with use-based charges set on marginal social costs
- GPS-technology for charging, based on time, place and vehicle characteristics (like Dutch)
- Hypothecate adequate revenue to improve roads and alternatives
- Possibly with an independent Commission to recommend on appropriations
- This will need a new intergovernmental agreement



Likely impacts

- For cars
 - Regional travel would get cheaper
 - Metro travel would be more costly in congested conditions
- PT services would be upgraded and use would increase
- Truck road charges would increase, esp. in cities
- Increased investment levels could be funded

Land transport program structure

- Make outcomes the primary basis of funding, not modes (c.f. national proposal)





Way forward

- The Victorian Government should start to restructure its transport programs based on major intended outcomes (slide 12)
- It should seek to drive reform of road pricing and funding arrangements through COAG
 - This will require a major community consultation
- All projects should be tested against the intended outcomes
- The sooner we start, the sooner the vital indicators of system performance will turn around

Thank you

