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TTF Australia
(Tourism & Transport Forum)

SUBMISSION TO THE
GARNAUT CLIMATE CHANGE REVIEW
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TTF Australia
Tourism & Transport Forum
Executive Summary

Transport-related greenhouse gas emissions represent 14% of Australia’s total greenhouse gas emissions. Continued population and economic growth is likely to increase the amount of traffic on Australia roads – leading to higher emissions from the transport sector. Urban congestion also exacerbates the problem, causing cars to spend longer on the roads and burning more fuel than necessary. Any long-term strategy to reduce greenhouse gas emissions must therefore consider the role of transport networks. Greater use of public transport and the early adoption of low-emission / alternative fuel vehicles will be fundamental to reducing the environmental impact of the transport sector.

TTF Australia makes the following policy recommendations for meeting Australia greenhouse challenges in the transport sector:

- A National People Movement Strategy should be developed with the cooperation and input of the States and Territories.

- The Commonwealth Government's infrastructure audit should consider crucial urban public transport infrastructure projects including:
  - A cross-town rail tunnel for Melbourne;
  - Grade separations at major intersections on the Dandenong Corridor
  - A new metro system for Sydney;
  - A second Brisbane River rail crossing;
  - The Gold Coast Rapid Transit project; and
  - Electrification of the Adelaide metropolitan rail network.

- Fringe Benefits Tax legislation on salary-packaged cars should be amended to provide incentives for commuters to use sustainable transport alternatives.

- Funding for the national TravelSmart program should be increased to encourage greater use of sustainable transport alternatives.

- The Commonwealth Government should continue working to shift a greater proportion of the freight task onto rail to ease the burden on Australia’s roads.
Introduction

TTF Australia counts among its Members public transport operators, rental car companies, investors, infrastructure developers and operators, professional services companies and many others with an interest in improving mobility in Australia. Many of TTF Australia’s Members are already implementing programs to reduce carbon emissions in their business.

Transport plays a vital role in supporting economic growth and community needs. Australia’s urban transport networks are particularly important to maintaining our prosperity. Between 2000 and 2006, our eight capital cities provided 78 per cent of national economic growth. Increasing urban transport congestion, however, is a major national issue - choking our cities and putting the brakes on productivity. It is estimated that the social cost of urban congestion will reach $20 billion by 2020 if it left unchecked.¹

Congestion is likely to be exacerbated by forecast growth in the freight and passenger transport task over the next two decades. The road freight task is projected to grow at 3.6% per annum between 2000 and 2020 (doubling over this period)². Faster growth (4 per cent per annum) is projected for the inter-capital corridors³.

The passenger transport task is forecast to grow with an average increase of 33% in car traffic in Australian capital cities (close to the Sydney and Melbourne levels of growth, with the highest growth projected in Brisbane, because of its high population growth). Even with a proportion of this growth occurring at the city fringes, this still implies substantial increases in the (unconstrained) level of car traffic on our current city networks⁴. These figures illustrate the need for improved long-term planning of transport developments to support the efficiency of the future transport task.

Urban congestion also has a significant environmental cost. Land Transport in Australia is responsible for approximately 12.7% of all greenhouse gas emissions. In the UK, this figure is around 25%, demonstrating the potential for increases in this sector’s share of domestic emissions in Australia. The Australian Government has identified that the transport sector is one of the fastest growing emissions sectors in the country.

Clearly there is a pressing need to reduce the total amount of greenhouse gases, particularly CO₂, which are produced by the Australian transport industry. Moving freight transport onto rail is an important aspect of this, and highlights the fundamental importance of improved intermodal facilities and better rail networks between capital cities. The passenger transport sector, however, has the biggest role to play. Increasing the share of passenger trips made on public transport is one obvious strategy for

² Bureau of Transport and Regional Economics. The BTRE (2002b) estimate of 4.0 per cent was based on an earlier economic growth assumption of 3.05 per cent a year.
³ An overview of the Australian Domestic Road Freight Transport Industry. Working Paper 60. BTRE.
⁴ Coegrove, Dr David & Gargett, Dr David. Predicting traffic growth in Australia’s cities. BTRE.
reducing greenhouse gas emissions. There is a pressing need for national leadership on this issue.

TTF fully supports and welcomes the Commonwealth Government’s commitment to the establishment of Infrastructure Australia and the completion of an infrastructure audit to determine future priorities. In the context of the Government’s commitment to reducing greenhouse gas emissions, it is essential that the infrastructure audit places significant weight on Australia’s infrastructure needs in a carbon constrained environment. It will need, for example, to consider the needs of the next generation of low-emission and alternative fuel vehicles, and the need for greater urban densities around transport hubs.

Over the past year, TTF Australia has taken a leading role in developing an industry-led response to climate change. TTF Australia convened the first ever Tourism and Transport Climate Change Summit in June 2007, and next month we will convene the first meeting of an industry roundtable to further progress this agenda. The transport sub-committee of this roundtable will examine issues such as how to make mass transit services ‘carbon neutral’, and how to encourage greater uptake of sustainable transport alternatives.

1. National People Movement Strategy

TTF urges that consideration be given to wider applications of the Commonwealth Government’s infrastructure program for urban infrastructure projects. Transport congestion is a national problem requiring a national response and leadership. Australia’s metropolitan transport problems are far too complex and important to be left entirely to the States and Territories. TTF acknowledges the primary role of State and Territory Governments in urban transport issues, but urges the Commonwealth Government to become more active in this area. A partnership between Commonwealth, State and Territory Governments, and the private sector, is needed to deliver the urban infrastructure Australia requires.

The past decade has been marked by a rapid increase in the number of vehicles on our roads (currently growing at 2% pa), and with this an increasing cost of urban congestion. This is having a detrimental impact on Australia’s economy, society and environment. It is estimated that congestion costs the Australian economy $12.8 billion in 1995 and this figure will rise to $29.7 billion by 2015. The chart below gives a more detailed snapshot of how congestion will increase in our major cities if the current traffic situation is left unchecked.
Tackling the economic and environmental effects of transport congestion will require cooperation a coherent, nationwide policy approach. TTF argues that a National People Movement Strategy should be developed through the COAG process to facilitate better outcomes in transport. A key objective of the National People Movement Strategy should be to reduce transport-related greenhouse gas emissions across the country.

A National People Movement Strategy should be developed with the cooperation and input of the States and Territories.

2. Key Public Transport Projects

TTF argues that the Commonwealth Government can and should play a role in funding critical public transport infrastructure projects. Such projects, when delivered effectively, can reduce congestion, increase productivity and ease freight movements as well as providing for significant numbers of people. The infrastructure audit should encompass the need for public transport infrastructure, including the following projects:

Cross-city rail tunnel for Melbourne

In its submission to the Victorian Government’s East-West Link Review, TTF suggested that a cross-city rail way tunnel was needed to increase the capacity of the metropolitan rail network. This project would overcome the capacity constraints associated with the existing city loop.

Grade separations on the Dandenong Corridor

Overpasses or underpasses at major intersections along the Dandenong corridor are needed to facilitate better traffic flows in south east Melbourne. The construction of a third track on this critical corridor will lead to an increase in the number of trains using the corridor – which subsequently will lead to more traffic delays at level crossings.

Sydney Metro
The NSW Government has flagged its interest in building a metro system for Sydney. This would provide efficient public transport options to parts of the city that are currently under-serviced, such as the eastern suburbs, and make a significant contribution to reducing transport congestion.

Second Brisbane River Rail Crossing

The lack of an alternative north-south route across the Brisbane River caused a major bottleneck, and limited the ability of CityTrain to operate more frequent services – especially at peak hour. This bottleneck will become serious with continued population growth on the Gold Coast. A second river crossing, however, will significantly increase the capacity of South East Queensland’s metropolitan rail network.

Gold Coast Rapid Transit Project

The Gold Coast Rapid Transit projects is essential to improving public transport on the Gold Coast. TTF strongly supports the use of light rail as the preferred mode for this project.

Electrification of Adelaide’s metropolitan rail network

Adelaide is the only major Australian city that still operates a metropolitan rail system on diesel engines. The current rail system does not meet the public’s perception of a 21st century mass transit system. Electrified rail systems are more reliable and efficient, and can reduce transport-related greenhouse gas emissions, especially when linked to renewable power sources.

The Commonwealth Government’s infrastructure audit should consider crucial urban public transport infrastructure projects including:
• A cross-town rail tunnel for Melbourne;
• Grade separations at major intersections on the Dandenong Corridor
• A new metro system for Sydney;
• A second Brisbane River rail crossing;
• The Gold Coast Rapid Transit project; and
• Electrification of the Adelaide metropolitan rail network.

3. Tax incentives for sustainable transport

A recent study by Ernst and Young, commissioned by the NSW Government, found that "a bias exists within the tax system, specifically within the FBT regime, which favours private over public transport" and that "this ‘FBT bias’ may encourage commuters to drive rather than use public transport". It is now relatively widely accepted that current legislation encourages excessive car usage. Because FBT for salary packaged cars is

Ernst and Young (2006) NSW Ministry of Transport: Tax Incentives for Public Transport Users
influenced by kilometres driven, a person’s take-home cash amount is maximised the more that person drives. Thus, a person who has a salary packaged car but who decides to commute via public transport is worse off than a person who chooses to drive to work. There is an in-built incentive in the legislation for such people to commute to work in their cars.

There is a general chorus of support behind amending FBT legislation. Encouraging excessive use of motor vehicles plays a role in increasing congestion, and thus greenhouse gas emissions. Commuters who use sustainable public transport should be rewarded for doing so, and the FBT system provides an opportunity to do this. The NSW Government has been very vocal in its support of amending FBT laws, as has the Council of Capital City Lord Mayors, to name but two.

Indeed, the policy of amending FBT legislation also appears in the Labor Party’s own National Policy Platform. The Platform states that Labor will:

> propose ways to reduce dependency on cars, including reform of the inequitable tax treatment of public transport as against employer-provided, car transport and thus encourage public transport use for commuting to and from work.⁶

TTF strongly agrees with the ALP Platform on this issue and urges that changes to the FBT regime be introduced to Parliament as soon as possible.

Fringe Benefits Tax legislation on salary-packaged cars should be amended to provide incentives for commuters to use sustainable transport alternatives.

4. TravelSmart

The Commonwealth Government should also move to increase funding for TravelSmart – the national 'demand management' program to encourage the use of sustainable public transport. Coupled with investment in significant infrastructure, this would create a highly effective national leadership position on passenger transport.

Funding for the national TravelSmart program should be increased to encourage greater use of sustainable transport alternatives.

5. Rail Freight

The provision of an efficient national rail freight system will enhance freight efficiency via increased competition between ports and other transport providers; and contribute to easing urban congestion. Moving freight long-distances by rail is also far more energy efficient than moving freight by road.

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Continued upgrade of rail infrastructure will be required - particularly in meeting future freight demand into and out of Sydney. At present an increase in the number of freight trains (particularly in Sydney) is constrained by priority track access for passenger trains and operational curfews. Again, TTF looks forward to the outcomes of the infrastructure audit in guiding investment in rail freight infrastructure projects.

The Commonwealth Government should continue working to shift a greater proportion of the freight task onto rail to ease the burden on Australia’s roads and reduce greenhouse gas emissions from trucks.

Conclusion

The transport sector is a significant contributor to Australia’s greenhouse gas emissions. The broad transport sector understands and recognises its responsibilities to improve its environmental performance. Moreover, the transport sector recognises that it must play an active role in addressing the greenhouse problem – or solutions will be imposed on it. TTF Australia is convening a Climate Change Roundtable to drive industry’s response to climate change, and to complement the work being done at Federal Government level and through the Garnaut Review.

In the meantime, there are a number of measures that can be taken across all levels of Government to encourage greater use of sustainable transport alternatives, and speed up the transition to cleaner transport technology. The transport sector stands ready and willing to be a partner in this process.