

8 August 2008

Climate Change Summit
Office of Climate Change - Department of Premier and Cabinet
1 Treasury Place
Melbourne, Victoria 3000

Dear Sir/Madam,

Response to climate change summit paper

Bus Association Victoria welcomes the opportunity for consultation on the Summit Paper from the Victorian Climate Change Summit held earlier this year.

We have researched the area of climate change as it relates to land transport for some time. Much of our work is documented in the attached paper in our submission to the Garnaut Review titled "Road Transport and Climate Change: Stepping off the Greenhouse Gas", and more recently in our submission in response to the East West Link Needs Assessment final report.

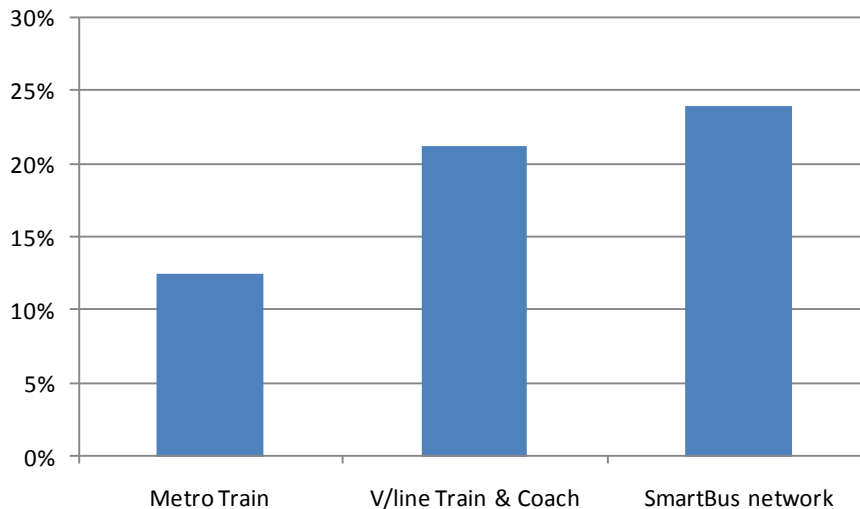
Rather than repeat the detail of those documents, we would like to highlight some key findings, in response to the proposed wedges in the Nous Group's "Wedges" report.

Wedge 13 – Mode shift away from private transport

We believe that mode shift from private transport to low carbon modes (including public transport, walking and cycling) is a very effective means of reducing greenhouse emissions from transport, whilst at the same time insulating Victorian households from the impacts of increasing petrol and other energy costs. Improved service provision of public transport will assist low income people to both adapt to carbon pricing and reduce their emissions, whereas just providing financial assistance is unlikely to result in as significant emissions reductions.

Recent evidence suggests that the people of Melbourne and Victoria are switching to public transport at a record rate – but that this switch is most concentrated where public transport services offer a viable alternative to the motor car. Patronage growth on Victoria's passenger rail networks is growing very strongly. On bus in Melbourne, we have found much faster growth rates on bus routes that operate with better service levels. Bus routes that operate seven days a week (particularly SmartBus routes and similar routes with high frequency services) have seen the strongest growth, while services that only operate 5 or 6 days per week have shown the slowest patronage growth.

The chart on the following page shows recent annual growth rates on selected public transport modes in Victoria.



(sources: Victorian state budget papers and BusVic analysis of DOT patronage data, note: includes routes that have been upgraded)

This indicates that current cost pressures around petrol prices are already providing strong incentives for people to consider alternative transport modes to the private car.

We suggest the biggest barriers to further uptake of public transport are lack of capacity on the train, tram, and major radial bus routes, and limited frequency and operating hours on the remainder of the bus network. The evident latent demand for public transport presents an ideal opportunity for the state government to reap maximum benefits from investing in improved public transport services in the current climate.

Wedge 13 represents a 1% mode shift from private cars to public transport over a 40 year period. As detailed in our submission in response to the East West Link Needs Assessment final report, we believe there is evidence to suggest a 1% mode shift toward public transport has occurred in just the last two years alone. If public transport continues to grow at around 7% per annum, achievement of the 20/2020 target is a very real possibility – providing the public transport network has the capacity for such large increases.

Our modelling shows that heading towards 2050, there will need to be very significant increases in mode share for both public transport and non-motorised modes (walking and cycling) if significant reduction targets (such as an 80% reduction on 2000 levels by 2050) are to be met. Unless future vehicles have ten times better emissions performance than the current fleet, the private car mode share will need to be less than 50% if we are to reduce transport emissions by 80% below 2000 levels by the year 2050. This represents a mode shift away from private cars of well over 20% in the next forty years, much higher than the 1% figure used in the wedges report.

The mode shifts required are such that the need for significant additional road capacity in the future will be greatly diminished. Indeed, if we are to achieve an

80% cut in transport emissions by 2050, the volume of traffic on our roads will have to be less than today – even with substantial improvements in the emissions performance of motor vehicles. The reduced need to expand road capacity (which for Melbourne presents very high marginal costs) should enable more funding to be directed towards low carbon transport modes.

Increased public transport mode share will also have related economic benefits from reduced traffic congestion, reduced road accidents, and a more active and healthy population.

Wedge 14 – Improved fuel and vehicle efficiency

We agree with the assessment that reducing the emissions intensity of the vehicle fleet will have to play the largest role in reducing transport emissions. However, there are several points of caution associated with relying on this mechanism:

- While relatively low emission vehicles are already available on the market for some time, the price signals at present have failed to encourage a significant enough uptake to reduce emissions. We recommend the government carefully consider availability, pricing and fleet changeover times in evaluating this wedge.
- The best low emissions vehicles are mostly priced out of reach of entry level buyers on the car market. This presents a considerable barrier, particularly for low income people who are least able to afford the price premiums of such vehicles.
- Government fleet purchasing policy has a large bearing on the second hand car market. Insisting on Australian built vehicles leads to larger, high emissions vehicles flooding the used car market. For many low income people in Victoria, second hand larger cars have the most affordable purchase prices. For people with limited capital, ongoing fuel costs are likely to be a largely secondary consideration. Significant emissions savings can be achieved if major fleet buyers, including government, significantly increase the proportion of low emissions vehicles purchased over time (providing clear signals to car manufacturers as to future fleet vehicle demands). Unfortunately there are as yet no plans to build a vehicle in Australia with an emissions rating of around or below 100 g/km, which is likely to be the level that will be required in the medium term.
- There is a feedback mechanism when people purchase low emissions vehicles – in that that reduced fuel costs provide an incentive to increase travel. This rebound effect cancels out a portion of the benefits of new low emissions vehicles. It is our view that further pricing signals are required to ensure new fuel efficient vehicles do not travel longer distances than the less efficient vehicles they replace. A new comprehensive road pricing regime, which includes a price on greenhouse emissions, congestion, road damage and other externalities would achieve this aim with maximum economic efficiency. Current transport policy efforts through COAG provide an ideal opportunity to advance the development of worthwhile reforms to road pricing.

Wedge 15 - Increased vehicle occupancy

This wedge presents significant challenges. We believe one ideal way to achieve increased vehicle occupancies is to provide greater on-road priority to high occupancy vehicles. New transit lanes on major roads, if enforced, will serve to both increase car occupancies and assist on-road public transport. We believe the state government needs to take some bold steps to reallocate road space to high occupancy vehicles (including on the Monash-Westgate corridor) and ensure road user compliance through strong enforcement (which has been a significant issue on the Hoddle Street Transit Lanes).

Further discussion about transport and greenhouse emissions can be found in our submissions to the East West Link Needs Assessment report, and the Garnaut Review. We also commend the Committee for Melbourne's *Futuremap: Melbourne 2030* report on climate change action in Melbourne.

We see the transport plan for Melbourne to be released later this year as an ideal opportunity for the state government to put Melbourne on the path to reduced emissions from land transport. To address the twin issues of climate change and rising petrol prices, we believe a transformational – rather than incremental – approach is required.

Yours sincerely,

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