# Chapter 15: Transport investment

## 15.1 Transport funding

The IRTP will be limited in its ability to serve the community well if inadequate funding is available to implement its proposals.

Average vehicle speeds on urban roads in the region have been declining, and travel times increasing at a high annual rate since the late 1980s. With travel growth rates projected to continue to exceed population growth rates by about one percent per year, the ability of current levels of transport funding to match future community needs for transport is likely to diminish. As a consequence, the performance of the transport network can be expected to decline relative to current travel times and costs.

If the average motorised trip time doubled from the 1992 level of 17 minutes to 34 minutes, as the IRTP predicts could eventually happen, an average household car trip in an urban area would cost an additional $ 2.30, and an average commercial trip would cost an additional $ 8.60. In the year 2011, there will be about 8 million private vehicle trips, and 2 million commercial trips in the region each day. If transport system improvements are not put in place, the costs in terms of productivity and congestion will be in the order of $34 million per day or $12 billion per year.

The July 1996 report of the Queensland Commission of Audit found that the standard of roads in Queensland is below that of most other States. This impacts adversely on safety, travel time and economic growth.

Achieving the IRTP targets for increased public transport use, vehicle occupancy and non-motorised transport will slow the growth of vehicle travel and reduce the future need for new road capacity. This will reduce road expansion costs by $3.2 billion over 25 years.

However as the region's population and urbanised areas continue to expand, it will be increasingly difficult to provide high quality transport infrastructure and services from available revenue sources. This will be the case irrespective of whether the IRTP targets for increased public transport, ride sharing and non-motorised transport are achieved.

Investing in the right sort of transport infrastructure will allow the region to maintain and enhance its economic development and quality of life. Current residents enjoy the benefits of investment by previous generations. New transport infrastructure benefits both current and future generations. It is important the current generation does not bequeath a legacy of inadequate transport infrastructure which has somehow to be dealt with in the future.

Improvement is also needed in the way benefits and costs of transport projects are evaluated. In the past, for example, the options considered were often limited by a narrowly defined planning process. There may also have been circumstances where the social and environmental impacts of major new roads were inadequately considered in deciding whether an option best met the community's needs.

## 15.2 Analysis of funding needed to implement the IRTP

This IRTP is concerned with maximising the return on public investments and providing the right sort of transport facilities for the future. To support these aims a preliminary analysis of future long term funding for transport has been undertaken.

This is a "baseline" analysis performed around the IRTP's target scenario of a 50% increase in the proportion of trips by public transport, and a 10% increase in average vehicle occupancy.

The analysis also assumes the public transport task will be met by buses, trains, taxis and other demand-responsive ride share vehicles. Under such a scenario, trains will carry a lesser proportion of trips than road based services, and any new innovations such as light rail would be candidates for private sector funding.

This IRTP scenario appears to present the most efficient and cost-effective way to achieve increases in public transport use without burdening the public purse with continuing need for high levels of subsidies. It also recognises that the region's urban areas will continue to expand at relatively low densities.

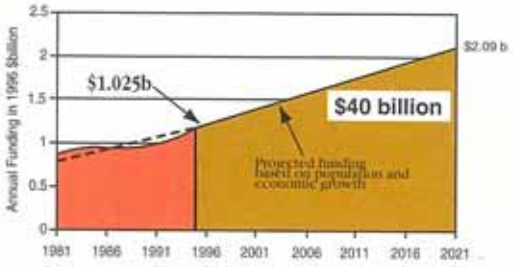
Of course, other scenarios for investment may be adopted. The following is merely a conceivable approach which would meet the IRTP targets and keep the transport system functioning. In this respect, it establishes the desirable minimum levels of investment.

- Currently about $ 1 billion of public money is invested in transport in the region each year. Slightly more than half of this is allocated to items which do not increase transport system capacity such as maintenance of roads, railway lines and vehicles and the Brisbane Transport bus fleet, and to cover operating costs for public transport.

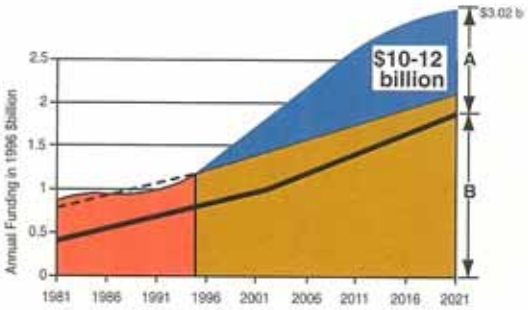
- If the current levels of funding for transport increase in line with predicted population and economic growth over the 25 years from 1996 to 2021, about $40 billion will be available.

  This is based on an average annual growth of 3%, which is higher than population growth rates but lower than travel demand growth rates. It is significantly less than the predicted economic growth rate of 4.5% p.a. This is a conceivable scenario for revenue growth from traditional sources.

**Funding for transport in SEQ**




Projected funding at 3% p.a. gives $40 billion for transport in South East Queensland over 25 years




The shortfall is expected to be $10 - $12 billion over 25 years

**A. Capacity enhancements**
**B. Maintenance and operating subsidies**

- The IRTP estimates that as a minimum, $15 billion will be needed over the next 25 years to provide additional road system capacity and public transport priority, including $1 billion for busway systems.

- Intermodal transport facilities, including major interchanges, bus stops and public transport system coordination facilities are estimated at $0.5 billion.

- Rail-based capacity enhancement, including additional rolling stock, tracks, signals and stations, will cost at least $ 3.5 billion.

  This is based on a small increase in rail's proportion of the total transport task, but a large increase in overall passenger numbers. It allows for upgraded suburban capacity as well as expansion of the rail system to the Sunshine Coast and to Coolangatta, Greenbank and Springfield. Some of these expansions may actually be achieved by other modes of transport.

- The total costs of projected system capacity additions to meet increased travel demand is therefore estimated at $19 billion.

- With the continuing growth of population and travel demand, and the ageing of many existing road pavements and the suburban rail fleet, the proportion of total transport funding needed to maintain and preserve transport facilities in a safe to use condition is likely to increase in the first two decades of the 21st century.

- Funding will also be needed to improve existing public transport systems and supporting infrastructure. This will not actually add capacity to the system but is essential if the targets for increased public transport use are to be met.

- It has been estimated that up to $31 billion will be needed to maintain and upgrade the existing transport system. This would leave around $9 billion for adding capacity to meet increased travel demand.

- Preliminary estimates of the shortfall between available funding for transport, and the need for investment to improve and expand the transport system range between $10 and 12 billion over the next 25 years.

- If significantly less than the $ 19 billion is to be spent on adding capacity, the region must:

  - increase public transport use even further on a cost-effective basis; or

  - implement aggressive travel demand management measures; or

- restrain the growth of urban expansion very significantly from the currently planned levels; or
- accept higher levels of congestion and reduced travel speeds.

## 15.3 Closing the gap

The IRTP has given consideration to options to help close the gap between the infrastructure that is needed and available funding. Three distinct options exist:

- reducing costs and operating losses; or
- postponing or staging investments; or
- identifying new revenue sources.


The IRTP identifies opportunities for reducing costs and staging development. A financial management model will be developed as part of the IRTP implementation to develop a clear picture of the funding needed to allow the transport system to cope with future increases in demand. This will allow transport investments to be planned and optimised over the next 25 years.

An integrated approach to planning would allow staging and delivery of transport services in a more efficient and timely way. Queensland Transport will participate with local governments and other State infrastructure agencies in the preparation of benchmark sequencing plans, which will encourage a least cost path of development in terms of infrastructure provision.

However, a major shortfall will almost certainly still exist.

### The options for new sources of revenue for transport

The above analysis supports the Queensland Commission of Audit conclusion that options for new revenue sources must be considered to ensure the region is provided with quality transport systems as it continues to expand. Possible approaches include the following:

### Charges to minimise impacts of development

Over 80% of new urban housing development is located on the fringe of existing communities. This type of development contributes to the continuing expansion of the region's cities and results in increased travel demand. There are also difficulties in providing effective public transport services to new communities where they are isolated from the main urban development area.

Developers often contribute to transport infrastructure by providing local streets and footpaths as part of development. And while developers contribute to the provision of water supply, sewerage and drainage for new development, no such