

provision exists for main roads or public transport contributions. Planning and construction of main roads, local arterial roads and public transport is generally funded from tax and rates revenue.

Development approval arrangements must ensure development pays its way, and does not transfer the costs of creating new urban communities to future generations. New legislation has attempted to increase developer funding for major transport facilities, although equitable implementation arrangements are still being negotiated.

One solution could be for governments to use their larger borrowing capacity to provide major transport infrastructure to planned new urban growth areas. This would allow cost-effective development of new housing by developers. Government would then charge developers for connection to the new transport system. This would ensure development pays its way, while at the same time maintaining housing affordability. It would also help guide new growth to areas where it is planned, rather than fragmenting development throughout the region.

Integrated planning provisions could allow charges to be imposed on development to provide land for public transport permanent ways. The setting aside of such land early in the development process would enable major efficiency gains and cost savings in public transport provision. Whatever the mechanism, planning provisions should also ensure that public transport infrastructure and services are provided early in new developments to reduce car ownership and car dependency.

Private sector funding

There will continue to be opportunities for the private sector to participate in providing transport infrastructure. Busways, particularly near the Central Business District, also offer scope for private sector involvement.

The *National Competition Policy Framework* also envisages increased opportunities for private access to public infrastructure for example, by privately run railway operations.

The private sector will need to generate a revenue stream from the use of transport infrastructure to provide a return on investment. As long as the use of competing infrastructure like major public roads is unpriced, and publicly owned passenger rail services are subsidised, the ability to charge an appropriate price for using private infrastructure will be restricted.

One solution could be for partnerships between the private and public sectors.

New transport facilities significantly enhance the value of land for development. The private sector could be involved in providing transport infrastructure through "value capture" schemes where funding put into transport infrastructure is recouped through sales of adjoining land.

Government taxes and charges

All three spheres of government have the capacity to raise revenue through taxes, registration, land rates and special levies. However the problem with such taxes is that they apply to households or people, and are unrelated to transport activity. As such, they would tend to disguise the real costs of travel and perpetuate the situation where travel is over-consumed.

With the exception of Brisbane City Council which spends about \$40 million annually on subsidised public transport for constituents, most local governments of the region contribute only small amounts to public transport. Local government could generally give consideration to more funding for public transport, especially by allocating roads funding to bus priority systems.

Transport pricing measures

As in most countries around the world, the majority of revenue raised for transport investments in Australia is associated with general taxes and tied grants which bear little relationship to transport activity. Many costs of car use are paid in general taxes or charges like Commonwealth sales tax, State registration and stamp duty, and insurance. In effect, the pricing system charges fixed costs for owning a car, rather than marginal costs based on how much the car is used.

When a valued good or service (such as transport) is underpriced or is not charged for on the basis of how much is consumed, too much of the service will be consumed. This is a major cause of increasing car dependency and congestion across the world.

Transport pricing measures relate to the marginal costs of each trip. They can be an efficient and equitable way to raise public funding for new transport improvements because these costs are paid by the infrastructure user. They could also help restrain the growth of travel demand, reducing unnecessary travel.

Any proposal to introduce more direct transport pricing measures should be accompanied by reductions in other general taxes, which makes the task complicated because much of the taxation revenue is collected by the Commonwealth Government. For example, Commonwealth fuel tax is not directly appropriated to meeting transport needs, and is not directly allocated to the State in which it is collected.

Deciding the future of transport funding

This IRTP provides a clear framework for increased private sector involvement in transport infrastructure and services.

In addition, raising revenue for transport investments by transport pricing measures could reduce the region's dependence on revenue sources not directly associated with transport activity, as well as reducing growth in travel demand by discouraging over use of cars. This in turn would reduce the need to construct new transport facilities.

It could be argued that while transport pricing measures will require a major change in the current taxation arrangements, they could be an equitable way to help fund predicted shortfalls.

Transport pricing measures may be unacceptable to the public unless the revenue raised is allocated to transport projects. If a direct link can be made between the revenue raised and a clear benefit to the travelling public, for example better roads or quality public transport which removes the need to purchase a second car, general acceptance could be possible.

The extent of the predicted investment shortfall, and options for funding it, need to be the subject of extensive public discussion over the next few years.

ACTIONS:

- KA 15.1 Develop a regional financial model to analyse funding requirements; optimise timing of investments; and evaluate potential new revenue sources.
- A 15.2 Incorporate in planning legislation provisions that:
- require as part of development works, necessary on-site public transport permanent ways, where provided in local planning scheme;
 - allow developer contributions to provide public transport permanent ways where this is incorporated in infrastructure charging codes; and
 - require proponents of major developments to demonstrate how public transport will operate within the development.

15.4 Shifting the balance in funding

Historically, only small allocations of funding have been made for measures to give priority to public transport and higher occupancy vehicles.

Roads facilitate the movement of freight and public transport as well as private cars. What is important is the priority given to particular forms of transport when the capacity of the system is being planned. Constructing roads primarily to accommodate unrestrained growth of single occupant vehicles in peak hours is not an efficient use of scarce public resources. It is a luxury the region can no longer afford.

However, there still remains the basic need for a well planned road network to be the backbone of any future transport system.

More efficient forms of transport like public transport vehicles and cars carrying two or more people need to be supported. Accordingly, the level of investment in specific measures to accommodate road-based public transport vehicles or higher occupancy vehicles will be increased as a proportion of total road funding.

ACTION:

A 15.3 Review arrangements for allocation of funds within governments to ensure significant increases in support for public transport

15.5 Project evaluation

This IRTP has developed strategic transport actions and investment opportunities which will help establish a high quality integrated transport system. Other projects will be developed through integrated local transport planning processes. These projects will be evaluated to ensure they represent appropriate commitments of public funding and to determine the optimum timing for investment.

Budget planning processes and investment appraisal processes are designed to ensure an efficient allocation of transport funding on the basis of how well transport projects benefit economic and social objectives. To assist these processes, improved forms of integrated transport investment appraisal are being developed to ensure:

- options considered support agreed community objectives for more sustainable transport;
- the full range of benefits and costs are considered;
- the opportunity cost of money used is considered in terms of how much effect the funding would have if used for alternative uses like improving public transport or high occupancy vehicle priority; and
- transport investment is used to help achieve agreed patterns of settlement and the establishment of key metropolitan and key regional employment and activity centres.

In general, priority will be given to those projects which:

- promise the greatest overall benefit relative to cost to the community;
- are presented as part of a package of measures designed to achieve regional and local transport objectives; and
- are supported by appropriate land use policies including:
 - making provision for pedestrians and cyclists;
 - land use forms that concentrate passenger demands and increase population and employment densities at key transit nodes; and
 - giving public transport priority over cars in traffic circulation and parking provision.

High priority should also be given to identifying and protecting routes for future high capacity peripheral transport corridors which have been identified as part of the IRTP or integrated local transport plans.

ACTIONS:

- A 15.4 Establish financing and budget planning processes to achieve an efficient allocation of transport funding on the basis of how well transport projects meet agreed community objectives.
- A 15.5 Adopt improved project evaluation procedures for all major transport projects, to ensure priority is given to projects which generate the greatest benefits to the community.

Note: Refer also to KA 11.9

15.6 Commitment to transport investment

This IRTP highlights a transport funding shortfall over the next 25 years. Over the next 25 years, the community will be encouraged to debate the ways in which the gap can be closed. Further analysis and community debate will be required before a long term investment strategy can be produced.

“Over the next 25 years, the community will be encouraged to debate the ways in which the gap can be closed.”

However, to set the long term transport investment process on the right course, this IRTP includes a three year implementation program. The three year program represents a commitment to implementation. It includes:

- resources to further develop options for closing the long term funding gap;
- resources for integrated local transport plans and corridor studies to translate the IRTP strategic actions onto the ground;
- resources for specific infrastructure projects, including the Pacific Motorway, the South East Busway; and
- resources to monitor the IRTP targets.

Chapter 16 provides details of the three year implementation program.