

Wheels have fallen off transport debate

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Victorians had until today to comment on proposals for "a new legislative framework for transport in Victoria".

A discussion paper inviting such comment was issued in October. It contains the normal fluff of government-issued reports.

It is full of pictures, fashionable climate change statements and warm headings such as "improving environmental sustainability", "a healthy Victoria", and so on.

The discussion paper is unashamedly biased towards the public transport mode of travel and against the car, which accounts for 80% of work trips and more than 90% of total trips. But it gives little away in terms of current and planned travel times, what sort of costs are acceptable in achieving its goals of a "world-class transport system" and what are the needs and aspirations of Victorians that it purports to be seeking to fulfil.

One thing clear from the various reports on the industry, including a recent comprehensive analysis by the Victorian Competition and Efficiency Commission, is that public transport is heavily subsidised and car use heavily penalised. The VCEC reckons that users pay only 30% of rail and bus costs and 55% of tram costs.

By contrast, car users pay more than twice what is spent on roads and other infrastructure in direct government charges and fuel taxes.

Melbourne, like every other city, has seen its transport flows shift from the radial patterns centred on the central business district. Radial flows allowed commercially viable frequent public transport services. But trips are now increasingly cross-town, with highly diffuse origins and destinations.

Government policy must recognise this and allow the city to adapt to the car. The emphasis on public transport should be overturned and the priority switched to building more roads, tunnels and bridges.

Over the past few years, the 50-year downward trend in Melbourne's public transport's market share has even been reversed. The trams and trains have been responsible for this, doubtless due to the improved efficiency of a privatised system, and possibly helped by increased parking costs.

But consumer travel trends mean these gains cannot continue. Mass transit such as trams and trains can only be economic if they serve highly concentrated corridors to the central business district, which now only account for 12% of Melbourne's jobs and a very small share of non-work-related trips.

Buses have not participated in the recent resurgence of public transport. According to the latest census data, last year buses provided only 1.5% of Melbourne's work trips (and considerably less of overall trips).

This represents a problem for the transport planners, who are aware that cities' geographic developments increasingly marginalise public transport (which in the US has only a 1% share of trips).

Buses offer the only plausible means of tapping into the growing cross-town market and they

provide the key strategy for the Government in meeting its goal of increasing the trip share of motorised public transport from 11% in 2002 to 20% in 2020.

That target is highly aspirational. It requires a rapid increase in the cross-town public transport share, an increase that has not been documented in the world.

Indeed, the vast dispersion of cross-town origins and destinations and the consequent impossibility of achieving high service frequency may consign buses to a trivial share of this market segment, irrespective of the policies followed.

After all, frequency of service is a key feature for passengers, and the private car is equivalent to an infinite on-demand frequency that mass transit could never achieve.

As if buses did not have sufficient problems in their competitive environment, two further factors undermine the probability of their success.

The first is the monopolies extended to existing bus operators on each route. The Government is keeping these monopolies in place though they are totally contrary to national competition policy and to all we have learned about the potency of competition to provide better consumer orientation and lower costs.

This, in addition to pandering to the bus owners' interests, reflects a culture of "planning" among transport bureaucrats. Officials see themselves as the best judges of demand and micro-manage routes by offering subsidies to those they see as best value. It would be preferable to make use of markets by allowing a consistent subsidy to bus owners and allow them to search out the routes that best meet market needs. Unleashing such entrepreneurial market discovery processes is a potent means of finding out what consumers want.

All this though should be kept in perspective. Commuters and other travellers are voting and paying for car use and governments should respond to this. New-age, trendy policies to favour public transport already involve massive subsidies, and should be pared back in favour of improving roads. This meets the wishes of the community, as expressed in their purchasing choices, and makes Melbourne more liveable by facilitating faster journeys.

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