



Speech by

**Hon. STEVE BREDHAUER**

**MEMBER FOR COOK**

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Hansard 15 March 2000

**MINISTERIAL STATEMENT**  
**Impact of GST on Public Transport**

**Hon. S. D. BREDHAUER** (Cook—ALP) (Minister for Transport and Minister for Main Roads) (10.05 a.m.), by leave: When the Commonwealth introduced the GST legislation, little if any consideration was given to the effects of a consumption tax on public transport. What is now known is that fares will rise on all modes of public transport. The final calculation of exactly how the GST will affect public transport is problematic as the Commonwealth has, at this time, not released details of two key elements of the package, these being the diesel and alternative fuels grants scheme and the boundaries within south-east Queensland for the application of the scheme.

However, within these limitations the impacts of the GST on public transport and patronage have been modelled and the results give cause for considerable concern. These results include the following. Citytrain fares will rise by almost the full 10%. Queensland Rail's urban rail services receive no benefit from the diesel fuel grant because those services are electrified. Only minimal savings are expected from other aspects of the tax package, so QR will have to pass on almost the full 10% as fare increases on the Citytrain network.

The costs of public transport usage will significantly worsen compared with the costs of using private motor vehicles. This will provide a disincentive to people who otherwise may have used public transport services. As a result of the projected fare rise for Citytrain and reduced private motoring costs, patronage is expected to decline by approximately 4%. One impact of a decline in patronage will be reduced profitability of bus and rail services.

Results of an analysis by Queensland Transport indicate that, after removing all the indirect taxes and accounting for the diesel fuel grant, urban bus fares will also rise by almost 8% in south-east Queensland and by nearly 5% in other parts of the State. As a result of these fare rises, patronage is expected to decline by over 3% in the metropolitan areas and by 1.5% in other areas. This could mean the loss of almost 3.5 million person trips per year.

Modelling by PricewaterhouseCoopers commissioned by Queensland Transport on behalf of all other State and Territory tax regulators has determined that taxi fares will increase by up to 7.5%. Early modelling using the Treasury Econtech model suggests that fares on ferries will increase after the GST by approximately 3.5%. Further, fares for passenger air services are expected to rise by over 7.5%.

Fares are not the only matter of concern with public transport and the GST. With the number of additional private motor vehicle trips that the GST will produce, the social cost to the State and the community will be enormous. Modelling shows that the costs of additional required infrastructure, and costs through motor vehicle accidents and subsequent hospitalisation, could be over \$30m annually.

In summary, the GST will increase the cost of public transport and reduce the cost of private transport. Correspondingly, there will be increases in the demand and costs to the State for road space, infrastructure and maintenance. Traffic congestion and associated problems such as air pollution and motor vehicle accidents are all expected to worsen. The negative impacts of the GST will be a major obstacle to our attempts to increase public transport usage in this State.

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