



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

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**SELECT COMMITTEE ON COST OF LIVING PRESSURES IN THE ACT**  
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## Submission Cover Sheet

Inquiry into Cost of Living Pressures in the ACT

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# Submission on how cycling can help with cost-of-living pressure

Pedal Power ACT submission Select Committee on Cost-of-Living Pressures in the ACT  
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## OVERVIEW

Pedal Power welcomes the opportunity to present a submission to the inquiry into Cost of Living Pressures in the ACT. In this submission, we argue that transport represents a major cost of living pressure for many Canberran households and that targeted investment into cycling and other active travel measures may provide cost-of-living relief for many in our city.

Cycling for urban transport can reduce household cost of living in two main ways:

- direct – reduction in transport costs through more efficient use of vehicles and resources.
- indirect – more efficient and effective use of public funds, leading to lower rates, charges, and taxes.

## SUMMARY OF RECOMMENDATIONS

1. The ACT Government should mount an information campaign to point out the increasing costs of driving for individuals and the community.
2. The ACT Government should act urgently to:
  - a. build a fast, protected, direct cycle network across the ACT,
  - b. create calmer traffic conditions,
  - c. promote cycling to the community to encourage participation,
  - d. review land use, planning and zoning rules to put more people within cycling distance of work, shops and schools, and
  - e. allocate enough funding to achieve real change quickly.
3. The ACT Government should take a lead in promoting cycling and identify change agents who can help with the process. This should include a strong and clear statement of support from the top levels of Government.
4. The ACT Government should take urgent action to support uptake of e-bikes, including through targeted financial assistance.
5. The ACT Government should mount a campaign to inform the community about the savings in time as well as cost from urban cycling.
6. The ACT Government should take urgent action to boost the non-car transport sector by:
  - a. expanding public transport and fully integrating it with cycling, and
  - b. ceasing actions that make driving easier and more attractive, while providing viable transport alternatives for people throughout the ACT.
7. Over time the ACT Government should work to locate employment closer to where people live, to facilitate cycle commuting.
8. The ACT Government should ramp up efforts to encourage cycling and walking to school and discourage driving.

## OVERVIEW

Mortgages, rates, utilities and groceries are not the only costs of living that low- and moderate-income households have to worry about. In the widely dispersed Canberra conurbation, transport takes a big and growing chunk out of household budgets. The lower the income, the bigger the chunk. In 2016, ACTCOSS reported that transport consumes 15.1 percent of weekly household expenditure. In 2022, Australian Automobile Association data showed that weekly average household transport costs in Canberra had risen by more than \$75 a week, to \$395.79.

Costs are primarily associated with the use of household vehicles – i.e. cars. Cars are expensive to purchase and require ongoing costs through servicing, repairs, and fuel. Fuel is an increasing burden following petrol price rises in recent years.

We believe these costs can be reduced through the uptake of alternative transport options.

## COST OF TRANSPORT

### THE COST OF DRIVING

Canberra is one of the most car-dependent cities not just in Australia, but the world. More than 4 in 5 Canberrans travel to work by car.

The cost of owning and running a car is steep and rising, even though many aspects of motoring infrastructure and services are massively subsidised by the community. These are the 2022 RACV estimates for various categories of vehicle:

Average Car Running Costs		
Vehicle Category	Average Monthly Cost	Average Annual Cost
<b>Light cars</b>	\$857.16	\$10,285.92
<b>Small cars</b>	\$1,063.64	\$12,763.70
<b>Medium cars</b>	\$1,362.69	\$16,352.26
<b>People movers</b>	\$1,575.87	\$18,910.45
<b>Electric</b>	\$1,541.32	\$18,495.83
<b>SUV small</b>	\$1,021.52	\$12,258.23
<b>SUV medium</b>	\$1,345.07	\$16,140.82
<b>SUV large</b>	\$1,620.42	\$19,445.04
<b>All terrain</b>	\$2,048.40	\$24,580.74

These estimates do not include overheads such as tolls and urban parking.

This data from the 2021 Census shows that almost 3 in 5 Canberra households own two or more cars. The number of households with three or more cars had grown by 2.7 percentage points since the 2016 Census. It is not uncommon for households on the ACT urban fringe to have 4 cars. This imposes a huge burden on household budgets.

## Car ownership

export  reset 

Canberra Region - Households (Enumerated)	2021			2016			Change
Number of cars	Number	%	Regional NSW %	Number	%	Regional NSW %	2016 to 2021
<b>a</b> No motor vehicles	4,891	3.9	5.3	5,020	4.4	5.8	-129
1 motor vehicle	40,529	32.1	33.8	36,436	31.8	33.4	+4,093
<b>a</b> 2 motor vehicles	45,067	35.7	35.2	39,543	34.5	34.0	+5,524
3 or more motor vehicles	27,978	22.2	19.5	22,344	19.5	17.2	+5,634
Not stated	7,705	6.1	6.3	11,239	9.8	9.5	-3,534
<b>Total households</b>	<b>126,170</b>	<b>100.0</b>	<b>100.0</b>	<b>114,582</b>	<b>100.0</b>	<b>100.0</b>	<b>+11,588</b>

Source: Australian Bureau of Statistics, Census of Population and Housing 2016 and 2021. Compiled and presented by id (informed decisions).

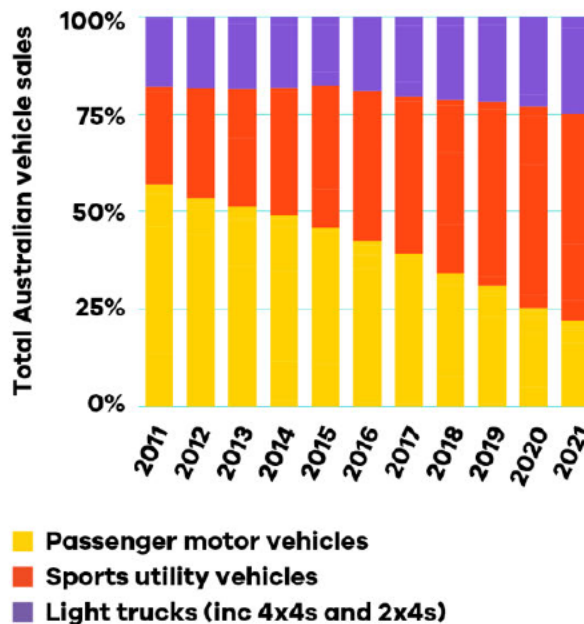
## The trend to bigger, thirstier cars

Australians are buying many more 4x4s, SUVs and Utes, and fewer small vehicles. There are several reasons: perceived safety, load & passenger capacity, and tax subsidies. This 2022 data from the National Transport Commission illustrates the trend:

## Australians are buying larger vehicles

Sales of 4x4 and 4x2 utes increased by more than 43,000, and large SUV sales increased by around 25,000.

- Half of all new car sales were SUVs, up from a quarter of all sales a decade ago.
- Small vehicle segment once accounted for a quarter of all sales but today is one in 10.
- The emissions intensity for many of these popular vehicles exceeds 210 g/km.
- There is no option yet in Australia to purchase an electric ute.



This means that motoring costs are increasing faster than ever, while incomes and support benefits are static or declining in real terms.

### EVs not a viable alternative for low-income households

Electric vehicles are still a tiny and expensive part of the new car market. The National Transport Commission reports:

“According to the International Energy Agency (2022), 2.8% of 2021 car sales in Australia were electric. This figure was 17% in Europe, 16% in China, 5% in the United States and 4.4% in New Zealand.”

However, the internal combustion engine is likely to cease production this decade. In the absence of viable active and public transport alternatives, this will hit all households with the higher purchase costs of EVs, whether they like it or not.

### Recommendation:

The ACT Government should mount an information campaign to point out the increasing costs of driving for individuals and the community.

### THE COST OF CYCLING

The cost of cycling is minuscule by comparison with driving. Beyond the initial outlay on the bicycle and accessories, it is also far cheaper than using public transport; peak-hour return fares in the ACT would be around \$1,500 over a

working year. The only cycling overhead would be a healthier appetite and minor bike servicing; this would be more than offset by extra fitness leading to reduced personal medical bills.

### The cycling alternative

Census data show that across the ACT, fewer than 3 in 100 people cycle to work. This ranges from 11 in 100 in North Canberra down to zero in the outer areas of Gungahlin and Tuggeranong. Male cyclists outnumber females by about 2 to 1.

A doubling of this participation rate is quite achievable with the correct policies – and more importantly, urgent action to implement them.

### Recommendation:

The ACT Government should act urgently to:

- build a fast, protected, direct cycle network across the ACT
- create calmer traffic conditions
- promote cycling to the community to encourage participation
- review land use, planning and zoning rules to put more people within cycling distance of work, shops and schools
- allocate enough funding to achieve real change quickly.

### Behaviour change

Building a fast, high-quality, direct cycle network is only part of the solution. The challenge is persuading people to use it, often changing the habits of a lifetime. Encouraging people to change habits can be challenging and requires the lead of change agents, including the Government.

### Recommendation

The ACT Government should take a lead in promoting cycling and identify change agents who can help with the process. This should include a strong and clear statement of support from the top levels of Government.

### E-bikes can make a difference

The Federal and ACT Governments have so far largely ignored the significant contribution that e-bikes can make to the urban transport task. E-bikes enable people to ride further and more often, but are not included in the ACT Government's Sustainable Household Scheme, with the Chief Minister stating that "access to capital is not a major barrier to purchasing an e-bike". Pedal Power ACT disagrees, particularly in relation to low-income households.

### Recommendation

The ACT Government should take urgent action to support uptake of e-bikes, including through targeted financial assistance.



## 'Effective speed'

Taking a holistic view of time and cost, cycling around a city can not only be much cheaper and more efficient than driving – it can also be quicker overall. This may not be easy for people to grasp, because cars are self-evidently faster than bikes on uncongested roads.

In part, this is to do with traffic conditions at the destination. If traffic is heavy, and parking is scarce or distant from where you need to be, cycling can be far quicker door-to-door than most other modes of transport over distances up to 15 km. Examples of this include Civic Centre and the Canberra Hospital. Bike riders can usually park free right at the door of the destination rather than hunting for a parking spot and walking from there or from a transport stop.

This concept also involves the counter-intuitive notion of 'effective speed':

**“How fast are we when moving from A to B? We are used to talk[ing] about regular speed which is distance divided by time. But what about the time spent waiting for the bus or the time spent at work to earn the money to pay all the costs created by the particular mode of transport? Different from regular speed, Effective Speed or Social Speed takes these aspects into account. Effective Speed can be defined by *total distance travelled divided by the total time devoted to the mode of transport.*”**

Bike Citizens magazine, [The concept of effective speed](#), 25 November 2015

People who drive to work can spend the best part of one day a week earning the money to fund their transport habit.

“Effective speed means, in its simplest form, considering a vehicle's velocity as also being a factor of its cost, and thus how long we need to work to pay for it... [UNSW academic Paul] Tranter has calculated effective speeds for a hypothetical cyclist and the owners of various motor vehicles based in Canberra, Australia's capital city, a place deliberately chosen to advantage the cars, given its generally free-flowing roads. Even here, Tranter calculates, the effective cycling speed of 11.3 mph [18.2 km/h] is quicker than any but the cheapest car.

“The tiny and now defunct Hyundai Getz managed 14.4 mph [23.2 km/h], although for younger drivers the higher insurance premiums reduced this to 9.3 mph [15 km/h].

## Recommendation

The ACT Government should mount a campaign to inform the community about the savings in time as well as cost from urban cycling.

## INDIRECT REDUCTION OF HOUSEHOLD RATES AND TAXES THROUGH CYCLING

### The social cost of driving

Many of the social or hidden costs of driving end up in household rates bills and insurance premiums. These costs include:

- road infrastructure & maintenance, production of concrete and tarmac,
- road transport workforce costs,
- health – morbidity, mortality and mental health problems from stressful & inactive lifestyles, absenteeism, lost productivity, road trauma,
- crash damage, emergency services – police, ambulance, fire & rescue,
- pollution and environmental damage, urban noise, loss of amenity,
- congestion, and
- planning costs and Inefficient land use.

People on low incomes spend a greater proportion of their income on third party insurance premiums than people on higher incomes.

### The cost of congestion

Road congestion is projected to cost the ACT \$400m a year by 2030. This will impact cost of living for all Canberrans.

### Road widening not the answer

The answer to congestion is traffic reduction, not road widening and duplication. There is plenty of evidence that increasing road capacity to 'bust congestion' actually makes it worse by encouraging more people to drive.

Cars are a very inefficient use of road space and the urban area. If more people rode a bike instead of driving, transport conditions would be better for everyone, including drivers.

The ACT spends too much on roads and not enough on providing viable non-car transport options, especially for lower income households and those in suburban fringe areas. In its Climate Change Strategy, the ACT Government committed to applying environmental criteria to major projects. It had previously undertaken to apply the UN HEAT process (Health Economic Assessment Tool) to new capital works such as roads. This would redress the current imbalance whereby road works appear to be approved more readily than active travel projects, which invariably have a better cost/benefit ratio. More rational and efficient use of funds would flow through to lower rates, charges, and taxes for Canberrans.

Reduced ACT Government spending on inefficient and counter-productive road projects can constrain rate rises for residents, providing greater benefit for people on low income compared to those on higher incomes.

#### Recommendation

The ACT Government should take urgent action to boost the non-car transport sector by:

- expanding public transport and fully integrating it with cycling,
- ceasing actions that make driving easier and more attractive, while providing viable transport alternatives for people throughout the ACT.

#### Better land use and location of employment

Pedal Power ACT supports urban densification to put residents closer to their work and support services.

We note that employment has become over-centralised in Civic, the Parliamentary Triangle and the Airport/Fyshwick. There is no net employment flow to the outer suburban areas, which are essentially now dormitory suburbs. The lower housing costs in outer suburbs attract people on low income. This is imposing excess costs on the transport task, and they will only get worse.

Even so, the 2016 Census showed that 38 percent of ACT car commutes are under 10 km, a distance that is easily cycled (especially on an e-bike). The average bike commute is 7.15 km.

#### Recommendation

Over time the ACT Government should work to locate employment closer to where people live, to facilitate cycle commuting.

#### Ending the school drop-off

Traffic congestion around schools creates delay and danger for the community and imposes transport costs on people who can least afford it. This traffic congestion also puts students in danger by being surrounded by cars at the start and end of every day.

#### Recommendation

The ACT Government should ramp up efforts to encourage cycling and walking to school, and discourage driving.

## CONCLUSION

There are many ways in which increased urban cycling can reduce cost of living and improve quality of life for all Canberrans, especially those on low and moderate incomes.

The ACT Government should take immediate action to boost cycling numbers from their current low base. This will involve significant and sustained funding to achieve fast, safe direct cycling infrastructure and persuade people to change their transport habits and start using it.

“Enrique Peñalosa, the mayor of Colombia’s sprawling, chaotic capital city of Bogotá, built hundreds of miles of protected bike lanes, arguing that they are vital to equality. ‘They are a right, just as sidewalks are,’ he said. ‘They are a powerful symbol of democracy. They show that a citizen on a \$30 bicycle is equally important to one in a \$30,000 car.’”

Peter Walker, *Bike nation: how cycling can save the world*,

Yellow Jersey Press, London, 2017, p.64