



# Rhetoric and Action: Role of the State, Organizations and Individuals in Sustainable Transport in Australia

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## Cars Linked with Climate Change and Congestion

There are four main sources of greenhouse gas emissions (Reese, 07)

*burning of fossil fuels for electricity,  
industrial and commercial use of fossil fuels for heat,  
emissions from agriculture and miscellaneous activities, and  
**burning of fossil fuels for transportation***

Congestion contributes to various problems involving travel time, further emissions, behavioural issues, health risks, and loss of economic profit (ALGA, 2007)

## Organizations and Individuals care for the Environment

**Ecologically sustainable development (ESD) is the stated planning policy at all three levels of government in Australia.**

**Most public sector organizations including local councils also promote sustainability initiatives by various actors within the community.**

*The “culture of sustainability” is widely shown to exist in many organisations. This is presented on their websites, disseminated through pamphlets, mail, and in the form of recycled products, joining environmentally friendly organisations, companies statements available over the internet, planting trees or cleaning up the coast lines and many more initiatives.*

**Survey of students at University of Western Sydney and Queensland University of Technology**

## Australians are driving more cars, more often

Over the last 30 years the total number of Australian cars has grown three times faster than population (NSW Greenhouse Office, 2007).

In the last decade, in Sydney the number of kilometers traveled per vehicle has risen more than twice as fast as the population (NSW Greenhouse Office, 2007).

Share of 4WDs/SUVs sold in Australia is rapidly growing



According to ABS, there were 14.8 million motor vehicles, registered in Australia at 31 March 2007.

This represents an increase of 2.9% since the 2006 Motor Vehicle Census (MVC), and an increase of 12.2% since the 2003 MVC

In 2007 Australians bought more than a million cars

*“One million new motor vehicles sales in a country of 21 million people is an impressive achievement by the Australian automotive industry – and ranks as one of the highest rates of new car purchase in the developed world,” said FCAI Chief Executive Andrew McKellar.*



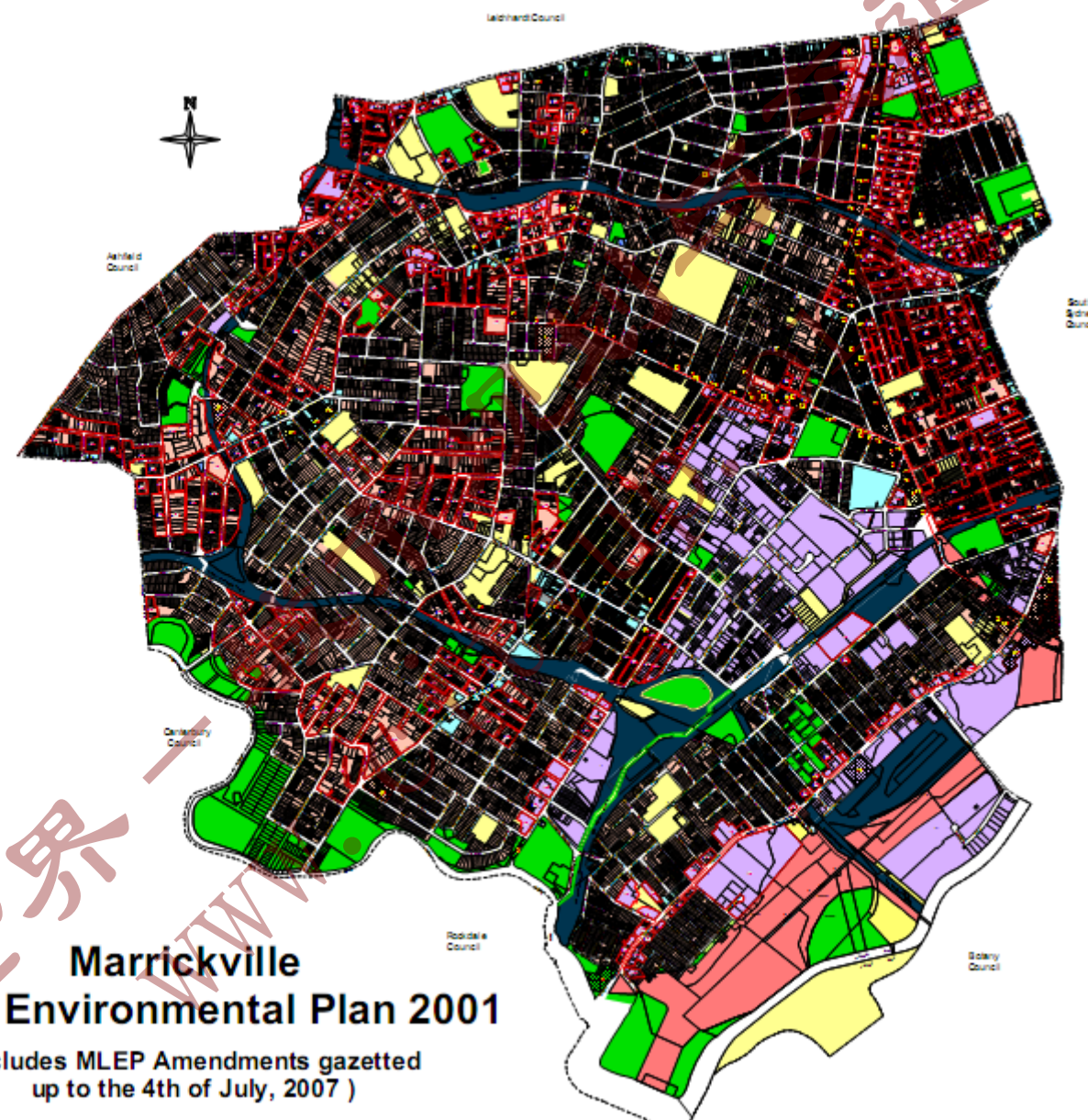


## Gap in Rhetoric and Action

There are gaps between rhetoric and action of public and private organisations in terms of what they are saying about helping the environment and what they are actually doing.

Also there seems to be a gap behind individual choices when it comes to the environment in particular regarding car use

The paper aims to highlight this gap by analysing Fringe Benefit Tax arrangements in relation to company cars popular with organizations and individuals



## Marrickville Local Environmental Plan 2001

(includes MLEP Amendments gazetted  
up to the 4th of July, 2007 )

## **The Fringe Benefit Tax (FBT) Policy**

**Company cars are becoming more and more popular for employees of companies and public sector organizations (including universities and local governments)**

**The FBT taxation formula encourages individuals to drive company cars more to save on the amount of money they are taxed**

**Put simply, “*if you drive more kilometers the FBT rules increase the concessionary benefit of having an employer-provided car*”  
(Greco, 2008)**



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*“Treasury predicts by 2009-10 taxpayers will be spending more than \$2 billion a year subsidising the use of company cars through a fringe benefits tax break”*

## The Fringe Benefit Tax (FBT) Policy

Percentage applied to cost of car	Kilometres travelled
26%	< 15,000
20%	15,001 to 24,999
11%	25,000 to 40,000
7%	> 40,000

## The Fringe Benefit Tax (FBT) Policy

A survey of taxpayer/ ratepayer-funded cars from universities and local governments in Victoria discovered that up to 80 per cent of FBT recipients lived within 15 kilometres of the office - annual mileage for the round trip to work of 7200 kilometres or less

But 80 per cent of cars surveyed declared an annual mileage of more than 15,000 kilometres (Davidson, 2007)

*Under the current FBT regime if one travels a mere 3700 km to get to the '15,000 km band' for a tax break, the extra petrol cost is \$525 but the FBT savings is \$1960 → "MARCH MADNESS"*

## Policy Rhetoric

### ***Green Vehicle Guide***

An Australian Government initiative to promote and encourage the use of cleaner cars. The 'Green Vehicle Guide' (GVG) website is aimed at helping individuals choose cleaner (greener) cars.

### ***Greenfleet***

A 'not-for-profit' organisation that allows large companies to offset their greenhouse gas emissions by planting native forests. – *"Greenfleet has received Australian Government approval to provide offsets under the Greenhouse Friendly™ initiative"* (Wong, 2008).

### ***Travel Smart Australia***

A government based program that brings together federal, state and local governments and community groups to promote and encourage people to make voluntary changes in their travel choices (<http://www.travelsmart.gov.au>).



## **The Fringe Benefit Tax (FBT) Policy – Israel**

**The use of company cars in Israel increased from 63,383 in 1983 to 229,913 in 2006 (Cohen, 2007)**

**Taxation reforms introduced in 1994 meant that it was more beneficial and cost effective for a company to give an employee a company car instead of increase in salary.**

**The dramatic increase in numbers and use of company cars in Israel has been directly correlated to the Israeli taxation system and a lack of coordination or oversight between government ministries, policymakers and specific organisational policies (Cohen, 2007)**

## **The Fringe Benefit Tax (FBT) Policy – UK**

**The United Kingdom has seen a reduction in the number of company cars on the roads since the 1980's when taxation reforms were introduced to correct a bias that favoured company car ownership**

**A further reform introduced in 2000 was designed to reduce emissions of CO<sup>2</sup> - financial incentives for companies to 'purchase vehicles which emit lower levels of CO<sup>2</sup> and to reduce unnecessary miles'**

## **Public Sector Institutions in NSW**

**Within the NSW public service, 58 agencies offer all employees novated leasing of vehicles as a benefit**

**Of the executive fleet used by ministers 91% are 6 cylinder vehicles. More than half the Government's 5275 cars are six-cylinders**

**State government's car fleet contract has been extended at a cost of \$800 million (2008) despite media and public opinion about high emissions**

## Local Governments in NSW

Marrickville Council – CBD

Sutherland Shire Council – South

Blacktown City Council – West

Gosford Council - North

*Ever increasing use of company cars*

*Ineffective drives to promote use of public transport and smaller cars,  
hybrid cars, LPG cars*

*Planners and engineers eager on receiving and replacing cars*



## Private Organizations

Telstra

Woolworths

National Australia Bank

*Care about their image*

*Keen on achieving transport efficiency – presented as green credential*

*Somewhat keen at using more environmentally friendly (LPG, Hybrid) cars*

*Some promoting use of public transport by employees*

## Conclusions

**The gap between policy rhetoric and action is clearly visible when it comes to what governments, employing organisations and individuals say about ecological sustainability and what they actually do**

**The initiatives of the Australian government for reducing car dependency and subsequent vehicular emissions are undermined by its FBT policy.**

**Employing organizations and individuals need to closely look into the gap between their sustainability claims and rhetoric and their real actions.**