

High Speed Rail in Australia

Implementation of a national high speed and faster regional rail network in the southeast of Australia will increase settlement in regional areas and generate a long-lasting productivity increase for Australia

SUBMISSION

Productivity Commission

Creating a dynamic and resilient economy Inquiry

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Foreword

Fastrack Australia thanks the Productivity Commission for accepting our submission to the *Creating a dynamic and resilient economy* Inquiry. We believe that the implementation of a national network of high speed and faster regional rail is surest way to boost productivity in Australia.

Our submission builds on the emerging body of international research examining the impact of high speed rail on regional economies to explore how faster rail connectivity should be implemented in Australia.

We recommend the Productivity Commission should conduct its own research on the economic impact faster rail connectivity will have in Australia in order to provide a compelling case for investment by the current and future Australian Governments.

About Fastrack Australia

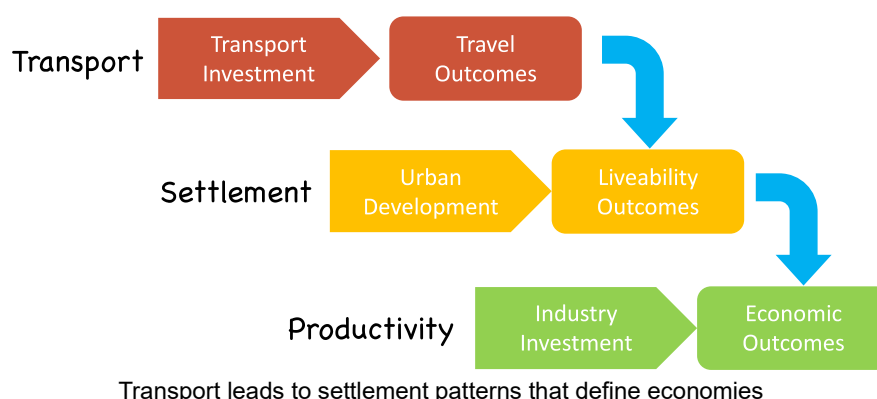
Fastrack Australia was started by Dr Garry Glazebrook to show how we can implement high speed rail to transform movement of passengers and freight in Australia. It will transform our population settlement patterns and help us reach net zero by 2050. See <https://www.fastrackaustralia.net/>

Ross Lowrey and Syd Herron joined him in late 2022 to write a definitive paper about how to implement high speed rail in the Sydney-Melbourne corridor. This attracted an article in The Guardian and so started our journey as advocates for high speed rail. This primarily consists of writing papers designed to provide solutions into specific aspects of high speed rail in Australia.

More recently, Phil Potterton has joined us to provide deeper insight to the economic impact that high speed rail will have in Australia.

About our submission

Our submission is based on the relationship between transport investment, settlement and economic development. City-shaping transport infrastructure defines settlement patterns that create productive economies. Infrastructure Australia recognises this relationship in ensuring that transport investment proposals fully explore options to maximise settlement and economic growth.



Our submission is structured in three parts:

The first part explores the international and Australian evidence that high speed rail in particular changes settlement patterns and increases economic growth. In particular we highlight two studies. The first study established that faster regional rail in Victoria will shift population into

regional areas and boost the state's GSP by 5%. The second study explores how faster regional rail in Australia will impact on regional settlement and economic production according to 'route geographies' – the relationship between the regional centre and its nearest capital city

The second part of our submission explores factors that must be considered to maximise the settlement and productivity implications in Australia. Simply investing in high speed rail is not enough on its own, particularly as Australia is large with a sparse population. Faster rail connectivity is an enabler that must be used to open up regions for more travel and not to bypass them. It also has to be coupled with urban development and industry investment to maximise the catalytic effect that opening a new faster line has in regional areas.

The third part contains our recommendations. The major recommendation is for the Productivity Commission to conduct its own economic analysis of high speed and faster regional rail in Australia. The purpose is to dispel the commonly-held belief that Australia is too large with too sparse a population to justify the investment in high speed rail. The other recommendations are for the Australian Government to ensure the benefits of its investment in high speed rail are maximised.

Delivering Regional Growth

In Australia there is a wide-spread belief that Australia is too large with population too sparse to justify investment in high speed rail. Canada's commitment to a HSR line that has almost the same distances and population distribution as the Melbourne to Newcastle corridor shows this belief is incorrect. Canada is the latest of over 30 countries that are planning or have built high speed rail lines to boost the country's economy.

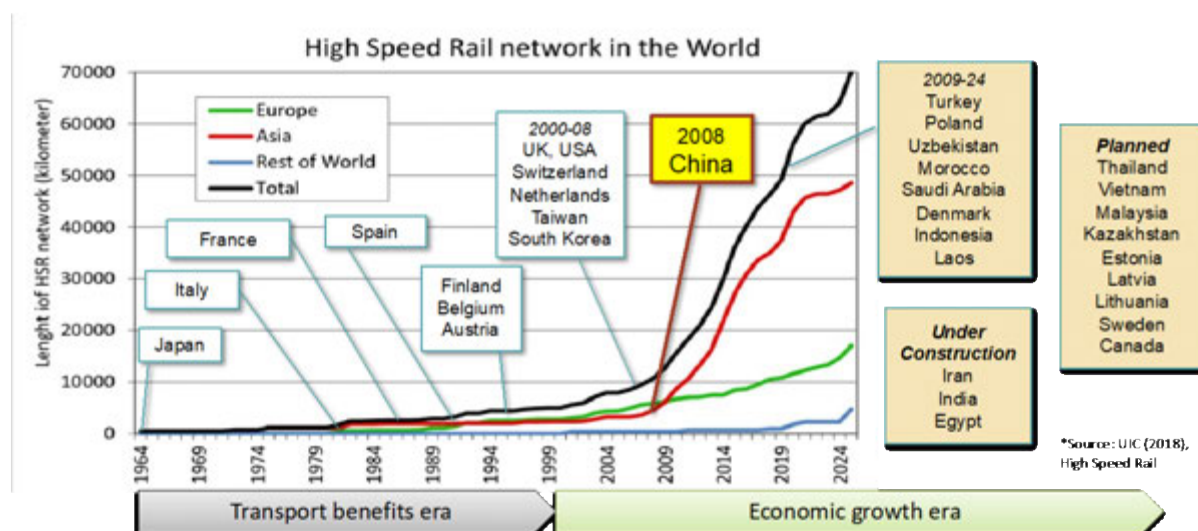
Since about 2000 it has been recognised that implementation of high speed rail lines is necessary to grow regional economies. It has the unique ability to significantly reduce travel times between places about 150-800km apart, encouraging tourism, re-settlement and increased business interaction. There are now many published reports that show that regional settlement and economic growth occurs when faster rail is implemented to regional cities.

Most importantly, two Australian studies show:

- The economic boost to Victoria's economy resulting from connecting regional cities to Melbourne is sufficient to justify the investment in rail infrastructure on its own; and
- Measurable economic impacts will be felt in bands of regional areas connected by high speed rail up to over 350km from an Australian capital city.

1. Countries invest in faster rail for regional growth

High-speed intercity trains have conquered Japan, Europe and China. Japan began in 1964 and has been steadily expanding its network ever since. France, Germany, Italy and Spain have had high speed rail for over 30 years. They are now integrating their high speed lines to form a single network spanning the European Union. And China's economic transformation was built on the rollout of over 40,000 km of high speed rail.



Now over 20 countries have high speed rail lines, and a further dozen are constructing or planning them. Laos and Indonesia are the most recent to open their first high speed lines. Egypt, India and

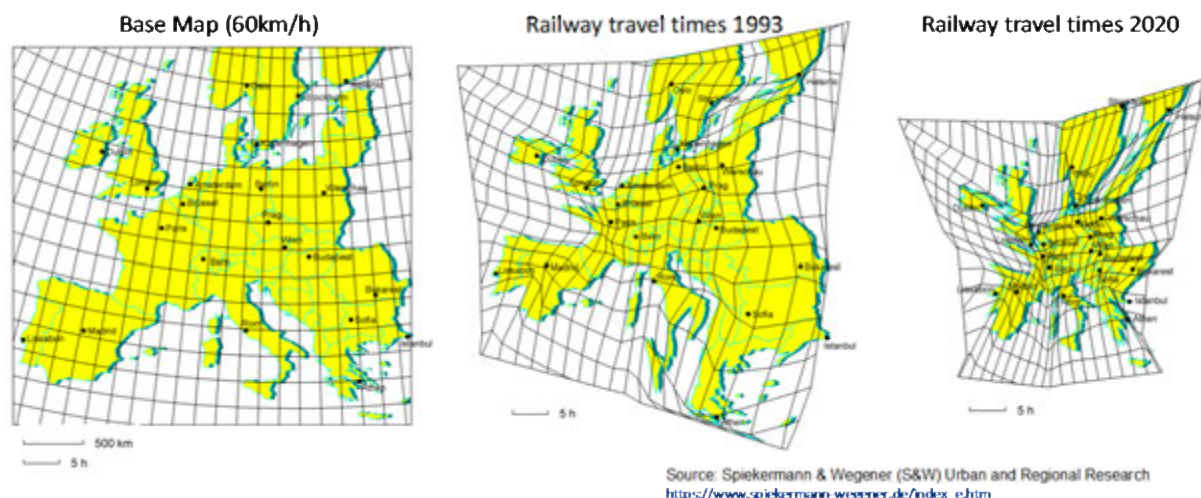
Thailand have started construction on their first lines, while Malaysia, Singapore and Vietnam have started planning high speed lines.

The boom in high speed rail in the early 2000s occurred when countries worked out how to use them to boost economic growth. They had learned that regional cities connected by high speed rail experience greater population growth, increased economic activity, and higher income levels than cities without fast connections. Regional centres also benefit by providing lower cost housing options for workers who can access skilled jobs in cities along the line.

2. Shrinking distances drives economic growth

The primary justification for high speed rail infrastructure is to create a new market for fast passenger services between cities that draws users from car and air services and induces new travel demand. But high speed rail also creates wider economic benefits by shrinking the distance between cities – especially when places are brought within travel times conducive to commuting or business interaction.

Regional growth has always been a driver for high speed rail, but initial results in Europe were patchy. High speed trains are noisy, so stations were located outside regional centres to avoid passing through them. This lost the major benefit of train travel, which is reaching a station within a town or close to a city centre. As a result, these stations did not produce expected results unless considerable effort was made to attract growth, particularly businesses near the station.



To overcome this problem, high speed lines are now connected to the existing rail lines so that high speed trains can stop at existing stations when stopping at regional centres. It has also been recognised that these stations must become regional commercial centres and hubs providing good connectivity to surrounding local and regional areas. And sufficient frequent and convenient services must be provided to service the regional centre.

When these conditions are met, faster connectivity encourages population and economic growth, especially in regional centres within easy reach of a capital city. It enables regional centres offer the same quality of jobs, services and lifestyle as capital cities do, but at lower cost – with good connectivity to capital cities when needed. This leads to higher well-being and increased prosperity for regional residents

3. HSR changes travel patterns and promotes growth

In 2006, Greengauge 21, a UK HSR advocacy group, published a study of the impact of high speed rail on regional cities in Europe¹. The report was based on published research primarily from France, but also includes studies from Belgium, Spain and Sweden.

It showed that “high speed rail is a major factor in the development of regional city economies, supporting city development plans and the regeneration of run-down areas. “The growth of high speed rail travel in mainland Europe and the matching expansion of city economies over the last two decades have shown how powerful a tool this really is.”

The report says the gains reflect three elements in the European experience:

High speed rail changes travel patterns by bringing cities closer to each other in time – especially when regional centres are brought closer to the capital. They boost business travel by executives of major companies and specialist firms alike, enabling business activities in the cities served to benefit from increased exchanges and activity levels. They also promote leisure travel to more distant destinations, widening catchments. And they also support an increase in daily commuting for cities at a shorter distance from the capital.

Gains from high speed rail are most likely to be made by **cities which are heavily oriented towards service sector businesses**. Development of the high speed station in integrated fashion with the surrounding area is fundamental to capturing the maximum benefit. It provides a major area of third tier activities – offices, hotels and conference facilities, retail and leisure – together with potential for high quality housing. This has been most effective when those cities developed an integrated city strategy, consistently implemented over time in cooperation with all interests and with committed political leadership.

Effective movement within and beyond the conurbation is vital for cities to benefit from access to high speed trains. This allows them to strengthen their role as regional capitals, extending their labour market catchments and business opportunities. To some extent the success of these cities can lead to greater dominance over the other centres in the region, which may lead to economic losses in some locations. But these can be mitigated by the creation of good quality public transport links at a regional level.

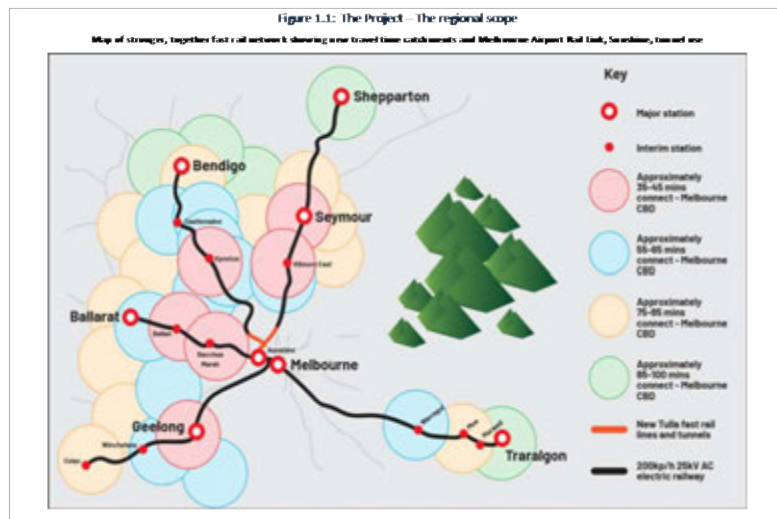
However, the report notes, not all places served by high-speed rail have benefited, usually because of inadequate commitment to develop a viable service sector economy or through the inadequate provision of frequent services in smaller centres.

4. Study shows faster rail will boost Victoria’s economy

In 2020, NIEIR published a macroeconomic assessment of the impact of a fast regional commuter rail network on Victorian “settlement patterns, economic growth, fairness and opportunity”². This study compared Victoria’s economy over 40 years with and without a faster regional train network.

¹ <https://www.greengauge21.net/wp-content/uploads/hsr-regeneration-of-cities.pdf>

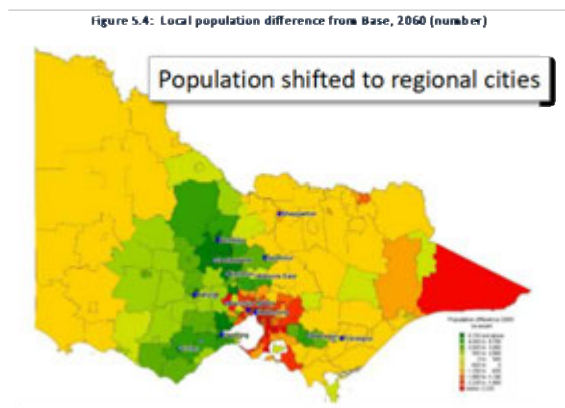
² <https://nieir.com.au/fast-train-project-macro-economic-assessment-july-2020/>



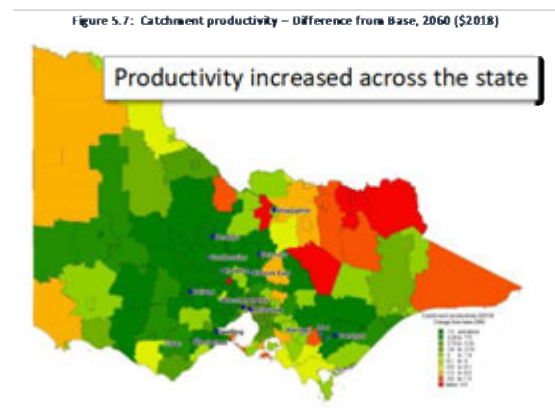
The faster rail network considered in the study

The model conclusively showed that regional populations would increase in the corridor, with reduced growth in Melbourne. But more importantly, the model shows that productivity will increase almost everywhere across Victoria, and perhaps most surprising is it will also be higher within Melbourne as less population growth occurs across the urban area.

“A project which yields a 5% increase in Victoria’s GDP, has a 10 per cent internal rate of return, and reduces regional inequality, cannot be lightly disregarded” – NIEIR 2020



Half a million people redistributed to regions



5% increase in overall productivity

Population and productivity maps comparing outcomes in 2060

Spreading settlement along the corridors

The implementation of faster regional rail lines attracts people to live in the corridors. As a result, productivity along the rail corridors increases rapidly compared to the no rail case, with an increase of about 15% after 30 years.

Boosting productivity across the state

The economies in the rail corridors are projected to increase by 20%. Initially some of the productivity increase is offset by less rapid growth in other parts of the state, but after three decades the state’s overall productivity will grow 5%.

NIEIR's assessment is that "a project (or set of corridor projects) which promises to yield a long-run 5 per cent increase in GSP and a 10 per cent internal rate of return on investment along with a reduction in regional inequality cannot be lightly disregarded". This provides unequivocal evidence that faster rail connections will benefit Victoria and should do the same for the rest of Australia.

5. Impacts will be felt well into regional Australia

Our colleague, Phil Potterton, has examined the potential economic impact of high speed rail in greater detail for Australia³.

Phil draws attention to the spatial dimensions of productivity. Faster connectivity has helped spur documented productivity growth in some of the larger, second tier cities in France, Japan, China and the United Kingdom. While clustering of businesses in central areas helps drive productivity growth within cities, reducing 'economic distance' between separate cities is a catalyst for intercity productivity growth. Moreover, intercity connectivity has assumed increased importance as, over time, firms' production patterns have fragmented, supply chains have lengthened and the knowledge-intensive business services sector has expanded.

With long distances between major capitals in particular, air transport connectivity is the principal means by which Australian businesses located in different cities establish and maintain the linkages that enable them to trade domestically, specialise, become more efficient and increase scale. But, as a report for the Committee for Melbourne notes, with reliance on air transport and its city pair route networks for in-person contact, "it is much harder to incrementally link smaller cities, such as those located between Melbourne and Sydney, into their economic relationship"⁴.

Better linking of cities with currently no fast public transport links to their nearest major capital (e.g. Newcastle, Albury-Wodonga) or that are dependent on air transport over shorter distances (e.g. Canberra and smaller cities including Wagga Wagga, Port Macquarie and Coffs Harbour), would create new options for businesses on where to locate and expand at least cost (the latter because, with airport-linked costs, it is necessarily costly both financially and in terms of total travel time). It would also expand the reach of labour markets (as per 'reverse commuting' from large cities to smaller ones witnessed in Germany), improving labour market matching opportunities for both businesses and workers.

In addition, faster connectivity can improve the liveability underpinnings of productivity. It can dramatically increase housing supply by expanding the capital and regional city's commutable area, subject to facilitative local planning.

Economic impacts can be predicted by 'route geographies'

More specifically, he has identified four 'route geographies' that can be used to determine the potential economic opportunities associated with the implementation of high speed rail in Australia:

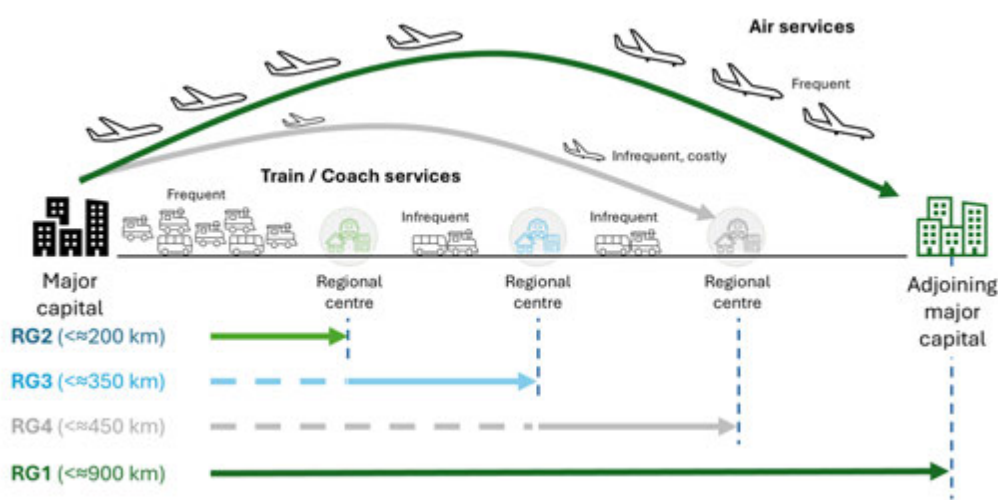
RG1: High frequency high speed rail services between our southeastern capital cities (initially, Brisbane, Sydney and Melbourne and extending to Adelaide) will expand the travel market by offering convenient, well-located travel (assuming suitably sited stations) that are competitive with

³ https://australasiantransportresearchforum.org.au/wp-content/uploads/2025/02/ATRF2024_Resubmission_133.pdf

⁴ SGS Economics and Planning <https://sgsep.com.au/projects/reimagining-australias-south-east>

air services. With Sydney Airport in particular lacking capacity to grow, high speed rail can ensure convenient accessibility to and from central Sydney in perpetuity for travel within the corridor. In turn beyond the corridor, right across the country, travellers will benefit from the centrally sited airport capacity that high speed rail can free up. In addition, high demand can lead to low fares which open the market for a wider range of cost-sensitive travellers.

RG2: The introduction of fast, frequent commuter services to nearby regional centres will increase commuting by regular travellers, as long as travel time is less than about 1 hour. It will encourage expanded housing supply and significant population shift into the regional centre and surrounding area and is likely to attract businesses to the regional centre with easy access to the major city.



Economic impact will be determined by route geographies

RG3: The introduction of fast long-distance services to a regional city up to about 350km away will significantly reduce travel times to a capital city, increasing tourism into the area and providing better access to city-based services, such as visiting health specialists. Excepting Canberra, these cities currently lack a fast public transport option, while the self-drive alternative is less convenient than in RG2. Regular services enabling convenient same day return travel (up about 2 hours travel time per trip) will encourage significant population growth in the regional city and the opening of new business facilities.

RG4: The introduction of fast 'through' services on a high speed line enables more frequent, more comfortable day return travel which might replace air transport services in place at regional centres beyond a 350km distance. They improve access to the major city which encourages tourism and some population shift into the regional centre, together with the possibility for business growth.

Getting It Right

Done in the right way, an integrated high speed rail network across the southeast of Australia will open regional areas for sustainable growth and stimulate Australia's economy, with better liveability and increased prosperity for most Australians.

6. Focus on shifting growth into regional cities

It is now 50 years since the Whitlam Government first attempted to introduce policies to encourage decentralisation and even up economic development in Australia. But little has been achieved. It is time to take a new look at how we can decentralise Australia's population.

It is time to overcome the tyranny of distance by implementing a national network of high speed and faster regional rail services. Faster connectivity 'shrinks the distance' between towns and cities. It increases job markets by expanding commutable areas and integrates regional economies by enabling more convenient same-day return trips.

Create megaregions

Our expectation is that a faster rail network will lead to the creation of a series of overlapping megaregions along the main trunk of the high speed rail corridor. Each of Sydney, Melbourne and Brisbane will connect their nearby regional cities into a common regional economy – a megaregion. Albury and Canberra are also likely to become centres of similar megaregions given their growth and strategic location in the Sydney-Melbourne corridor. In northern NSW, high speed rail will tie the loosely-connected economies together as a single more cohesive region.



Creating overlapping megaregions

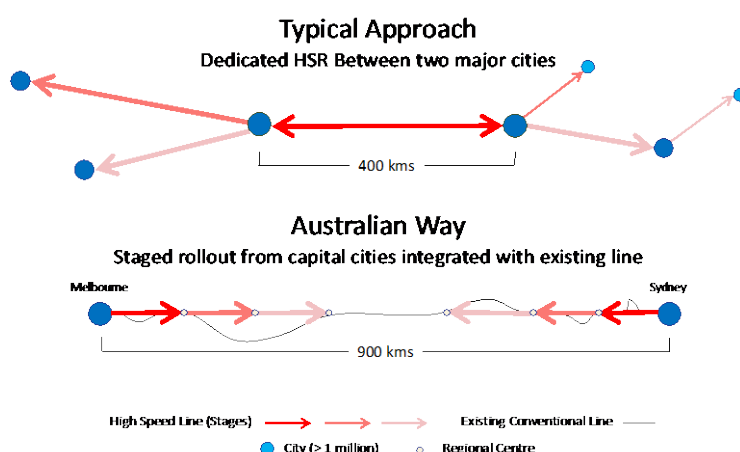
Spread population growth

This could achieve realistic reduction of population pressures in Sydney, Melbourne and Brisbane, along with substantial population growth in the regional cities and centres in the corridor. This would include strong growth (200,000- 700,000) in the secondary cities of Newcastle, Central Coast, Wollongong, Geelong, Gold Coast, Canberra, Sunshine Coast, as well as major local growth (50,000 - 200,000) in the next tier cities (Ballarat, Bendigo, Wagga, Port Macquarie, Toowoomba, Ipswich, Albury-Wodonga, Coffs Harbour, Port Macquarie, Shepparton etc), and smaller cities as well.

For a more detailed evaluation of the potential population growth in the corridor, see our Population Trends and Decentralisation Options (2021) report⁵.

7. Upgrade the existing network in stages

Because of Australia's size and distances, we have to adopt a different approach to most other countries. Instead of building lines that connect two major cities (as commonly adopted by countries around the world), we have to focus on growth and development of regional cities. This means implementing high speed rail in shorter, more affordable stages that progressively connect regional cities to a capital city and eventually capital cities to each other.

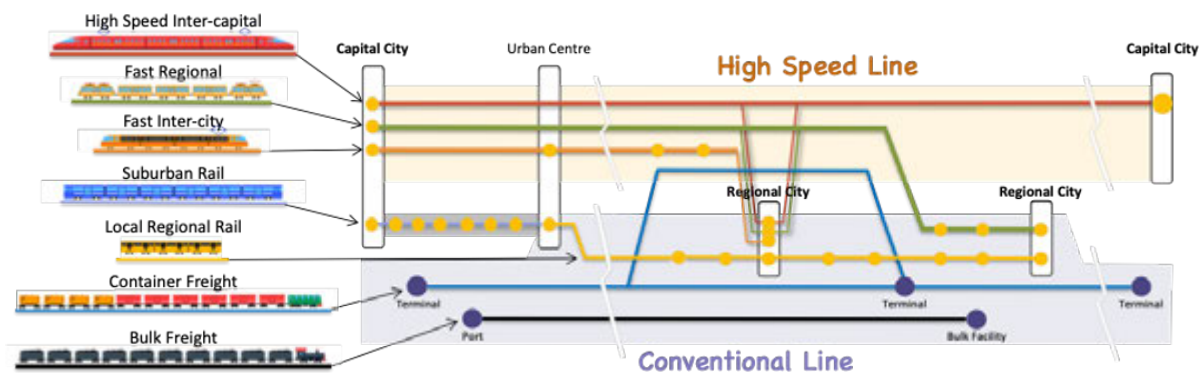


Integrate with the existing network

A staged rollout means we need an integrated rail network that allows fast trains to use either high speed lines or the existing conventional rail lines. It means we have to stop considering high speed rail as a standalone system and reconsider it as an upgrade to the existing rail system.

High speed lines should be implemented to supplement existing services by allowing new fast trains to travel at much faster speeds using high speed lines between regional cities. This means each section of new high speed line can be staged, in the same way that dual-carriageways are implemented for the road network. Each stage then allows fast trains to travel on the new high speed line before continuing on the existing conventional line to further destinations.

⁵ <https://www.fastrackaustralia.net/reports>

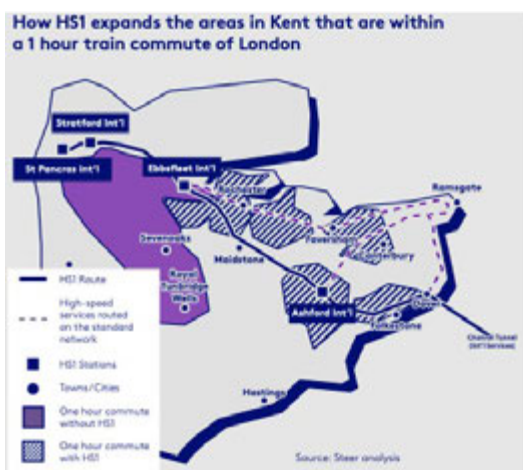


An integrated network allows new fast trains to flexibly operate on high speed and conventional lines

Treating the high speed line as a duplication of the existing line allows fast services to use either line as needed. This approach was originally used for the TGV in France and is widely used to allow high speed trains to extend services to cities off the high speed line.

Integration allows flexibility of fast train operations. Fast trains can stop at existing stations in regional cities or bypass them on the high speed line. It will also allow fast container freight trains use the high speed line particularly at night.

Supplement with fast commuter services



The high speed line extends the range for regional commuter services

The Kent economy has grown after HS1 increased access to London

Domestic high speed services divert off the HS1 to provide fast commuter services into London

Passenger journeys nearly doubled in 6 years

- Increased commuters due to increasing employment
- More visitors because of the high speed service
- Growing market for business trips into Kent
- Increased investment and housing has followed

*Source: Steer (2019), Delivering for Kent: The Economic impact of HS1

Most importantly, it will allow the introduction of new fast commuter services to increase the utilisation of the high speed line. This approach was adopted in the UK, where new high speed commuter trains use HS1 and then the existing rail network to operate into regional cities within Kent.

In Australia, it will allow new fast regional commuter trains to be introduced from Sydney to the Central Coast and Lower Hunter to the north, and to Wilton and the Southern Highlands to the south. Similar services could also be introduced from Melbourne and Brisbane to open up regional centres to the north and south respectively. Both labour productivity and 'commutable' housing choice/affordability can benefit significantly from such services.

8. Combine with regional urban development

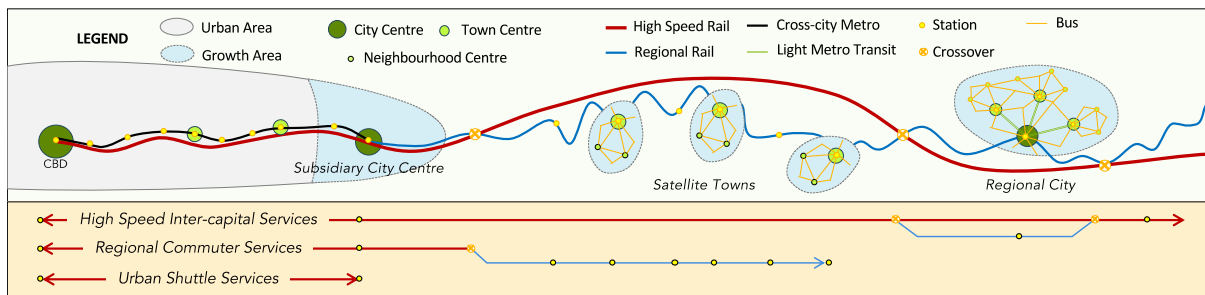
In addition to focusing on regional growth and integrating high speed rail with the existing network, the third major difference required in Australia is to explicitly coordinate urban development with the opening of a high speed line to a regional city.

Create an abundant supply of affordable housing

Decentralisation into regional centres connected by high speed rail will provide an abundant supply of affordable housing for many decades to come. While there are many reasons why house prices are so high, the fundamental problem is that Australia's high population growth is highly concentrated in a few large cities. The combination of high population growth and our preference for low density suburban settlement has led to rapid urban sprawl over several decades.

Concentrating Australia's settlement in capital cities results in challenges for long-term, sustainable growth. State and local governments are straining under the cost of retrofitting more housing and requisite infrastructure for new residents in already crowded capital cities. And this problem is going to continue for the foreseeable future, as Australia's population is predicted to swell to more than 40 million over the next 40 years.

Realistically, we cannot keep providing affordable homes solely in the established suburbs of capital cities forever. Instead of trying to cram millions of people into our capital cities, we should adopt a more enlightened vision for dynamic and thriving regional cities. We should be taking advantage of our natural attributes to create stronger regional communities with higher liveability and more affordable housing prices.

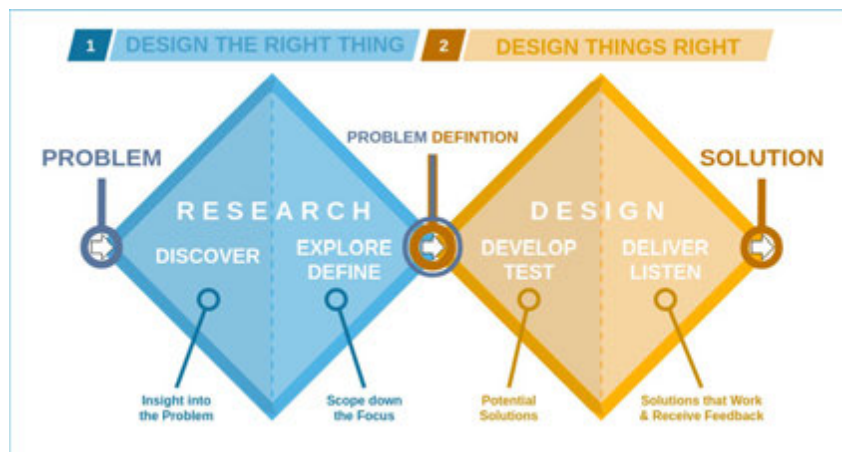


Spreading growth along a high speed rail corridor

Create liveable communities using design thinking

Making regional cities highly attractive places to live will be key to shift growth out of capital cities and into regional cities. Urban design thinking and stronger interdisciplinary collaboration between transport planners and urban designers is needed to get the most from opening new sections of high speed rail.

Researchers from Sydney, Melbourne and Monash universities have conducted teaching studios which applied the discipline of 'design thinking' (a holistic way of finding opportunities and resolving project problems) to the urban design of precincts around high speed rail stations in Australia⁶.



Applying design thinking to build more liveable urban areas

The following examples show the diversity of issues and solutions needed to optimise liveability in Australia regional cities:

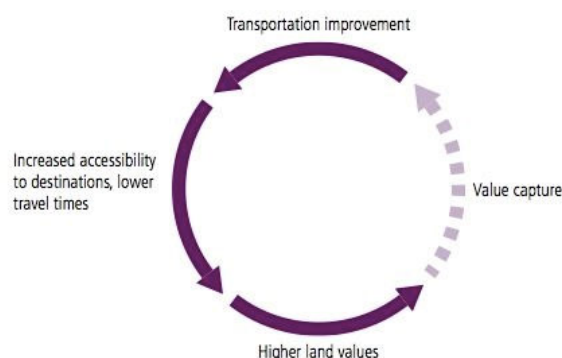
- Newcastle can better connect the regional economy in the Hunter Valley through a new elevated multiplatform station supporting a new cohesive neighbourhood integrated with Newcastle Interchange.
- Gosford has opportunity for urban expansion by elevating the line through the existing station to open the area for more active use and enable the redevelopment and densification of urban areas which are currently hard to reach without a car.
- Coffs Harbour has the opportunity to leverage its status as a tourist destination, but the current station and rail alignment creates a barrier within the city. Other station locations have to be explored and linked to employment and tourism centres along the coast.
- Wagga Wagga can foster growth while preserving its unique character by upgrading and expanding the heritage train station, addressing its physical severances, and enhancing its green grid and sports infrastructure.
- Shin (or New) Wodonga is a new station and greenfields precinct that could be created at the western edge of Wodonga if a broader local public transport network integrates it into the fabric of Albury-Wodonga.
- Shepparton can become a major transfer node if the station is located near the town centre, and not as a station in a car park on the periphery of a town. An inviting central plaza at the station, elevation of the rail line to reduce severance, and greater pedestrian linkage for the station to the city centre will activate it as an alternative centre within Greater Shepparton.

These ideas highlight the need for urban design thinking before any attempt is made to design the high speed line. The design of the built environment shapes the places where we live, work and meet. The decisions we make about our built environment today will define our future heritage – our legacy for future generations to benefit from.

⁶ See Whitten, J and Lawrie, I 2024, "If Australia wants high-speed rail, it must take regions along for the ride", *Pursuit*, University of Melbourne <https://pursuit.unimelb.edu.au/articles/if-australia-wants-high-speed-rail,-it-must-take-regions-along-for-the-ride>

Minimise the cost to future generations

In addition to maximising development opportunities, state governments should seek to capture some of the windfall land value uplift that will occur with the opening of a high speed rail line. Land value capture, and other forms of beneficiary pays funding, should be applied for all stations and their precincts on the line, plus for all new urban centres that will be created along the line, and more generally for all major urban areas that will be developed in the corridor.



Leveraging land value capture will reduce the amount of debt that governments need to take on to fund high speed rail infrastructure. This will help overcome what has arguably been a primary reason Australia has not invested in high speed rail to date – that is the high debt that ends up being passed on to future generations.

Used effectively, value sharing arrangements can provide processes and planning frameworks for developing stations and station precincts. Proceeds could be applied to provide social and affordable housing and fund local roads and infrastructure, in addition to being a significant source of funding for high speed rail infrastructure.

9. Assist industry to create regional jobs

Finally, but most importantly, coordinated investment by government and local stakeholders is needed to maximise the wider economic benefits as each regional city is connected to the high speed line. Simply building a high speed line is not enough. It is only through the actions of each community to attract more people and investment into their region that we will get value from implementing high speed rail in Australia.

In Europe, local and provincial governments typically undertake urban and economic development projects to stimulate the local economy, and the federal government will fund business incentives to attract new investment into the regional centre.

This approach should also be adopted in Australia as much of the direct travel benefits of faster rail will only be realised when high speed rail is fully connected between capital cities. However, regional benefits will start accruing as soon as new faster lines are built to regional cities and centres, enabling staged implementation of high speed rail and greater overall returns over the long term.

Examples of policy initiatives that can be used to boost jobs and economic activity in regional cities:

- Increased investment in regional tertiary education and research facilities
- Incentives to start or relocate manufacturing and other industrial development in regional areas

- City Deals with regional cities to coordinate investment in local infrastructure and urban development to coincide with the opening on new high speed lines
- Increased investment in teaching hospitals and other health facilities outside the major capitals
- Coordination of state and federal investment activities under an appropriate committee of the National Cabinet.

Engage local stakeholders to boost growth

In Europe, it is common for regional stakeholders to seek to use the opening of high speed rail lines to make a qualitative leap in economic activity, urban development and the quality of life. They have seen that incentives to encourage investment in jobs-creating industries are boosted by the catalytic effect of the opening of the high speed line.

Lleida (Spain)	Avignon (France)	Novara (Italy)
Congress-fair (new conference hall, directional functions, offices)	Research education (new city of education, improvement of technology park in agroindustry)	Chemical (new technology park for chemical companies)
Research (new technology park in agroindustry)	Logistics (renewed logistics area, new office development)	Logistics (enlarged intermodal rail centre, offices)
Commercial (new pedestrian area, commercial centre)	Tourism (new hotels, greater tourism range, new river tourism)	Urban regeneration (railyards converted to residential area, train barrier elimination)
Urban regeneration (walkability, accessibility, train barrier elimination)	Transport (new urban highway)	Tourism (recuperation/promotion of cultural heritage)
Transport (integration of nearby bus station)		Transport (new station in nearby urban centre)
Tourism (new promotion of ski resorts)		

*Source: Jaume Feliu, High-Speed Rail in European Medium-Sized Cities: Stakeholders and Urban Development, JOURNAL OF URBAN PLANNING AND DEVELOPMENT, DECEMBER 2012

Examples of industry and government investment in regional cities opening a high speed line

The real power of complementary initiatives is in harnessing local stakeholders to become proactive leaders with a direct interest in transforming their local communities. They strengthen support for the high speed line and enhance the likelihood that growth and development will flow from it. As a result, most European countries now open strategic planning to a more extensive network of local stakeholders, including direct participation by the population, to increase the success of investing in new high speed rail infrastructure.

Recommendations

A Timely Opportunity

The Government has a unique opportunity to link Housing, Immigration, Regional Development and High Speed Rail into a comprehensive long-term settlement strategy for the southeast of Australia.

#1: Endorse high speed rail for greater productivity

The Productivity Commission should examine the productivity benefits of faster regional connectivity in the southeast of Australia between Brisbane and Melbourne. In particular it should consider Australia's economic growth without high speed rail, with a dedicated Brisbane-Sydney-Melbourne high speed line, and with an integrated national network delivering faster regional and high speed services to most regional cities in the southeast of Australia.

The misconception that Australia is too large with too sparse a population to justify high speed rail has been one of the greatest challenges holding back the implementation of high speed rail in Australia. This misconception has been built on the inadequacies of the business case developed for the 2013 HSR Study that whilst recognising that regional economic benefits would accrue from the project, were unable to quantify them.

The highly respected National Institute of Economic and Industry Research (NIEIR) has shown that this misconception is incorrect. A similar study for a high speed rail network in the southeast of Australia (covering most of NSW, Victoria and SE Queensland) would show similar outcomes. The study should consider the region's economic growth (i) without high speed rail, (ii) with a dedicated Brisbane-Sydney-Melbourne line and (iii) with a faster regional rail network including a high speed backbone as proposed by Fastrack Australia.

We believe this study would provide convincing evidence that high speed rail is needed to divert population growth away from capital cities into regional areas. It will also demonstrate that regional growth will increase Australia's productivity, meaning most people will be better off, with a higher standard of living and the lifestyles they want to lead.

The outcome from this study should forever dispel the myth that high speed rail cannot be justified in Australia. Perhaps more importantly, it should also show that an integrated national faster rail network will provide a better alternative to maximise regional settlement and economic growth.

The strength of the relationship between a more even population distribution and improved productivity is demonstrated in a recent study of the impact of the Shinkansen network on Japan.⁷ This finds, firstly, that without the Shinkansen, Tokyo would be 5.5 per cent larger in population size, Kyoto-Osaka would be 14 per cent larger and Nagoya – midway between these two and

⁷ Hayakawa, K, Koster, H, Tabuchi, T and Thisse, J-F 2021, *High speed rail and the spatial distribution of economic activity*, Research Institute of Economy, Trade and Industry
<https://www.rieti.go.jp/en/publications/summary/21010007.html>

smaller even today than both – 30 per cent smaller. Secondly, it finds that, if the network were removed, loss of agglomeration economies and labour market matching impacts would reduce Japan's economic welfare by 6.6 per cent.

#2: Develop a national plan for transport and settlement

The Australian Government should develop a strategic plan for population growth and economic development across Australia using high speed and faster regional rail as the catalyst for growth.

The Government should collaborate with state, territory and local governments to establish agreed growth targets for each region of Australia, along with associated economic, urban development and infrastructure plans to achieve them.

Before we start building high speed rail, we must determine where new high speed lines go and where stations will be, because they dictate where new settlement and increased economic activity will occur.

We know high speed rail will dramatically shrink distances in the southeast of Australia. It will enable more convenient access to regional centres previously out of reach. It will open up regional areas that are currently considered too isolated for growth. It will increase the social and business connections integrating cities into economic regions with their neighbours.

But shifting growth and development into regional areas will take coordinated action across all levels of government, in cooperation with industry and local communities and over an extended period of time. And this requires a long-term strategy, with the support and commitment of government and non-government stakeholders over many decades.

It requires a planning process that allows diverse levels, sectors and geographies to collaborate on strategies to attract more people to regional areas. In particular, it needs a planning process that focuses on activating existing regional cities by implementing faster connectivity and is responsive to the needs of regional communities by leveraging the expertise and commitment of local stakeholders.

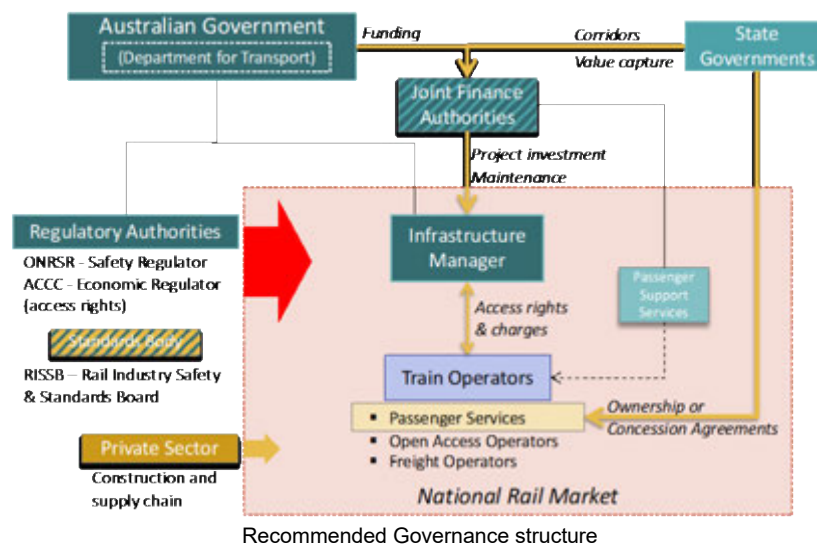
#3: Establish a national network for regional and interstate services

The Australian Government should work with state and territory governments to combine all interstate and regional passenger and freight rail services into a single national network (across the southeast of Australia at a minimum). A new national governance structure should be established that enables joint financial arrangements for the ownership of rail infrastructure by the federal, state and territory governments; the establishment of a single infrastructure manager responsible the delivery and operation of the national rail network; the establishment of a new Government-owned rail operator to provide regional and long-distance passenger services; and the establishment of regulatory arrangements to support a competitive market for private passenger and freight services using the national network.

The challenge is that Australia has 18 separate rail networks with three railway gauges, 11 separate signalling systems and many different standards and working rules⁸. The varying interoperability requirements present a major impediment to implementing a national rail network, with or without high speed rail.

But the key objective is to create a single national rail network for regional and interstate services in order to promote regional settlement and development. A national network eliminates the administrative burden imposed on operators using inter-connecting networks under different governance structures. And it allows greater flexibility in operating trains that can use either the high speed or conventional line depending on demand and availability of slots to run them.

Therefore the introduction of high speed rail means the fragmented governance of railways in Australia has to be addressed. State and federal governments have to work together. The federal government must provide a national perspective, a greater role in funding, and manage the market for long-distance rail services. And state governments must provide land for rail corridors, funding from value sharing, and the planning approvals for stations and precincts associated with the network.



See our National Governance Structure report⁹ and our National Operator report¹⁰ for a more detailed discussion and proposal for a consolidated rail governance structure and a national passenger rail operator.

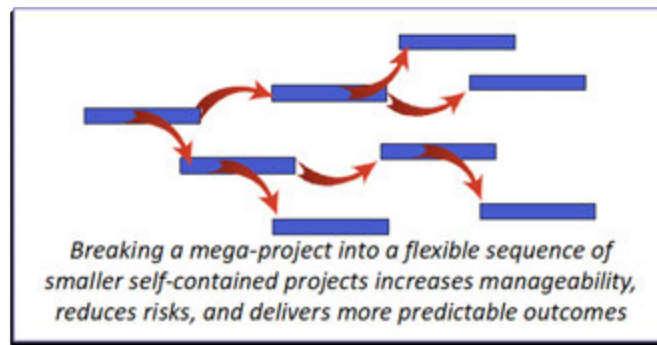
#4: Start building high priority sections of faster rail

The Australian Government should commence the design and construction of key sections of the high speed rail network that deliver the most value in the immediate term and establish a foundation for a full high speed rail line in the Brisbane to Melbourne corridor.

⁸ <https://www.ntc.gov.au/transport-reform/national-rail-action-plan>

⁹ <https://www.fastrackaustralia.net/national-rail-governance>

¹⁰ <https://www.fastrackaustralia.net/national-operator>



Australia's population is too small to afford the cost and time it will take to build end-to-end high speed lines between its capital cities. Instead, high speed rail should be implemented in stages that build out from capital cities to ultimately form a single network. Each stage should provide a "fast lane" between urban centres already connected by conventional rail. It should be integrated with the conventional line to allow trains use either line, and for fast trains to bypass centres where they are not stopping.

While it should be broken up into stages delivering discrete sections of track, implementation should be carried out as a continuous program of works starting with the highest priority sections. This will minimise cost as contractors do not have to wind down and gear up between contracts. And it means the value created by the line will exponentially increase through the "network effect" where more connections exponentially increase the benefits derived from the network.

9.1. Epping to Hawkesbury River

Connecting Sydney to Newcastle is considered to have the greatest opportunity for economic development in Australia. But none of the benefits will be realised until trains can get out of Sydney. This requires a very long tunnel between Epping and the Hawkesbury River, which should be the first section to be constructed in this corridor. Upon completion, it will dramatically reduce the time it takes existing passenger and some freight services to travel north of the Hawkesbury. Subsequent sections can then be completed to open the Central Coast and link Newcastle to Sydney.

9.2. Campbelltown to Southern Highlands

Straightening of the very windy, 19th century alignment through Picton (a.k.a. the Wentworth Deviation) has been the highest priority for improvement of the main Sydney-Melbourne line for several decades. Construction of this line to high speed standards will be the quickest way to introduce high speed rail in Australia. It is a "no regrets" project that will benefit all travel on the main line south. It will give the rail industry experience in construction to high speed standards, with reduced risk as initial operations will continue using existing freight and passenger services.

9.3. Canberra to Goulburn and Yass

The Canberra spur of the high speed rail line is a self-contained project. It includes a new high speed line with full electrification and signalling, a new station in Canberra, and new stabling and

maintenance facilities. The project will enable the introduction of new frequent intercity passenger services between Sydney and Canberra that benefit the national capital.

The project will also deliver faster passenger (commuter) services from Canberra to Goulburn and Yass, which will facilitate regional growth and development in the corridor. It can be treated as a “no regrets” project in that it can be undertaken independent of the rest of the high speed network.

This project incorporates all elements of the full program of works recommended by Fastrack Australia, being more than just a high speed rail engineering project. It requires the establishment of a new train operator providing commuter services out of Canberra, and faster intercity services between Sydney and Canberra. It crosses state borders requiring tri-partite rail governance arrangements. It includes urban development in Canberra, Goulburn and Yass, plus regional development within the corridor. As such, it therefore requires inclusion of industry incentives and investment to maximise growth in Canberra and along the corridor.

We recommend it should be considered as the foundation of the national network in Australia.

9.4. Broadmeadows to Seymour

The purpose of constructing the Broadmeadows to Seymour section is to commence the implementation of high speed rail in Victoria. This section is a relatively straightforward to build. Initially it will allow current standard gauge VLocity trains to run fast express to Seymour, significantly reducing travel times for Seymour and Albury regional passenger services. Services to Shepparton could also be sped up by converting the existing line to standard gauge. The existing services to Seymour should continue to operate on the existing standard gauge line to service the towns between Wallan and Seymour.