



USE HIGH SPEED RAIL TO SPREAD SETTLEMENT INTO REGIONAL AREAS

Australia is returning to a high rate of immigration as it exists the covid pandemic. Many, such as the Business Council of Australia, want permanent migration to be set as a percentage of the total population. While this will be good for Australia's economy, the negative effects of rapidly increasing settlement in our capital cities are well-known, and likely to produce the same push-back that was evident before the covid pandemic. Diverting a significant proportion from capital cities into regional areas will help defray the negative sentiment towards population growth.

Faster rail connections are known to promote regional settlement. There are many examples from around the world where governments have built faster rail connections to spread settlement into regional areas. A relatively recent economic analysis of Victoria with and without faster rail connections has shown that there will be increased regional settlement if faster regional rail connections are built. Notably, the study showed that productivity will be 5% greater, and that the regional economic benefits alone are sufficient to justify the cost of the faster rail connections.

A faster rail network progressively connecting all regional cities to a high speed backbone between Sydney, Melbourne and Brisbane will spread Australia's population growth into regional areas. Most Australian's will be better off, with greater choice of lifestyle and liveability, that will only be available through the implementation of a faster rail network. Initial feasibility studies should focus on sections in the Sydney-Canberra-Melbourne corridor to demonstrate the positive regional growth and wider economic benefits that arise from individual stages of the network. These will provide the evidence to support the vision for an integrated network, especially given the already positive view most Australians have about high speed rail.

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ESTABLISHING THE CASE FOR HIGH SPEED RAIL

The latest population statement released in early January this year showed that we have returned to the same trajectory as before the covid pandemic. It predicts that the national population will reach 30 million in 2033, only slightly delayed by the pandemic. The Australian Government has commissioned a review of the migration system. Many, such as the Business Council of Australia, are calling for increased migration, suggesting that it be capped as a percentage of Australia's population instead of a fixed number.

Clearly there are many benefits from increased migration, but the negative impacts need to be managed. Increasing migration is a topic that many people have negative views based on personal experiences of traffic jams and unaffordable housing prices.

Diverting a significant proportion of population growth from capital cities into regional areas would help. There is clear evidence that faster rail services shift population growth away from major cities into regional areas, and promote economic growth at key centres along the line. Increased connectivity stimulates economic activity between centres on the line, causing increased growth in population and services. Well-developed "feeder" networks further extend these benefits into the surrounding areas.

Faster rail connectivity has therefore become an important factor for the economic development of regions. Most countries have embraced this new principle in their decision to implement high speed rail. This includes countries with much lower per capita incomes than Australia (like Turkey, China, India, Indonesia and Morocco), and those with lower populations and smaller cities than Australia (like Finland, Sweden, Portugal and Denmark).

It is predicted that this principle will apply in Australia. The highly respected National Institute of Economic and Industry Research (NIEIR) has examined the economic impact of faster rail connections in Victoria. Their study showed that simply building faster rail connections will shift population into regional areas, and increase Victoria's GDP by 5%. In fact, the study observed that the economic benefits were more than sufficient to justify the investment a faster rail project.

A similar study for a high speed rail network in the south east of Australia (covering most of NSW, Victoria and SE Queensland) would show similar outcomes, with regional economic growth justifying investment in the network. The Committee for Melbourne has already proposed that the south east of Australia should be connected into a megaregion. It could be connected with a Brisbane-Sydney-Melbourne high speed rail backbone, plus faster spur lines to other major regional cities. This would allow population dispersion to relieve our congested cities, help regional activation, improve housing affordability, reduce inequality, promote economic growth and job creation, and improve liveability.

It is expected that such a study would produce similar regional growth and economic outcomes as the Victorian study (which is a sub-region of the megaregion). And it is reasonable to expect the economic benefits will be sufficient to justify the investment in the high speed rail network.

Perhaps more importantly, the study would show that high speed rail is a lever for regional settlement and national economic growth. It would show that a national high speed rail network is needed to divert population growth away from capital cities into regional areas (and conversely, without it, regional growth will not happen). 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 evidence from this study would reinforce Australians' support for high speed rail. Most Australians say they would like high speed trains in Australia. Many have travelled on high speed trains in a wide range of countries across the world. They love the ability to travel long distances quickly, with more comfort and convenience than with air travel. And they have a natural appreciation of its benefits. It would encourage many to consider relocating to regional cities for a better lifestyle. And it would provide businesses with more options to base their operations.

And most importantly, it would allay concerns about increased migration. Increased migration is needed to grow Australia's economy. High speed rail will divert a significant proportion of that growth into regional areas, defraying the negative impacts that would otherwise have occurred in our capital cities.

Therefore, it is recommended an economic assessment of high speed rail on the south east of Australia should be undertaken by the Australian Government. This would need to examine issues such as housing affordability, congestion costs, and the costs of urban transport and other infrastructure required to support continued rapid population growth in our capital cities, and how these could be alleviated by an alternative population distribution with more growth in regional cities and less in the major capitals, as supported by a high speed rail network. An example of alternative population distributions, and the rationale for this is included in a paper "Population Trends and Decentralisation Options" (www.fastrackaustralia.net).

The overall strategic study would also need to look at the costs of upgrading capital city airports and interstate highways if high speed rail is not implemented, as well as the environmental benefits of shifting some of the transport (freight and passenger) demand from air and road to rail.

Such a study can then provide the strategic framework, together with detailed parameters, for including in more detailed business cases on specific sections of the High Speed Line. These specific business cases will focus on upgrading sections of the Sydney-Canberra-Melbourne corridor. They will draw on the overall results of the strategic study, noting that many of the benefits of high speed rail will be cumulative and will take some time to materialise.

For example business case studies will need to be conducted to assess the benefits of implementing new high speed lines from the outskirts of Sydney, Canberra and Melbourne. This will allow the introduction of new faster commuter services to support urban growth in regional areas outside each city. The studies will demonstrate that diverting population growth into regional areas will increase economic activity and productivity sufficient to justify the investment in high speed rail. They will turn the discussion about high speed rail away from its raw cost benefit ratio towards its importance for regional settlement and state economic growth.

Another business case study should look at the connecting the new high speed lines out of Sydney and Canberra to create a high speed line connecting Sydney to the National Capital. This will allow the introduction of high speed passenger services to support the connectivity between Sydney and Canberra, as well as faster services to support the connectivity with regional cities in the corridor to Melbourne. It will also allow faster freight services to operate at night, more frequent local regional services to centres on the conventional line, and operational flexibility by interchangeably using both the high speed and conventional lines. This study will show the economic benefits that increased connectivity between regional cities will bring to regional areas.

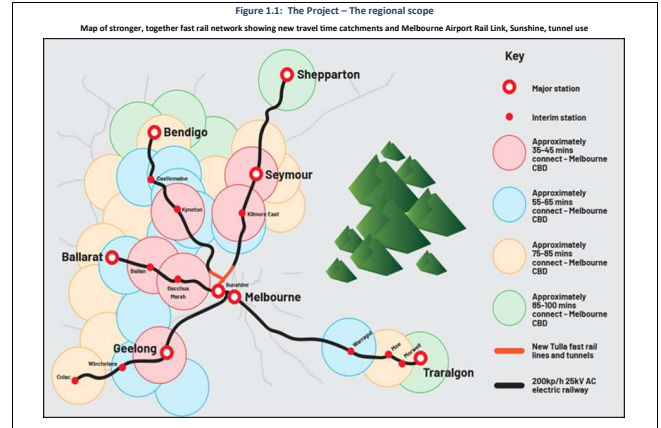
Together, these studies will show that the high upfront cost to implement the full high speed rail network can be ameliorated through staged rollout of sections that facilitate the progressive growth of regions across the country. High speed rail will still be a massive national investment with very long payback period, but its long-term value for the future of Australia will be understood.

ECONOMIC BENEFITS OF FASTER RAIL IN VICTORIA

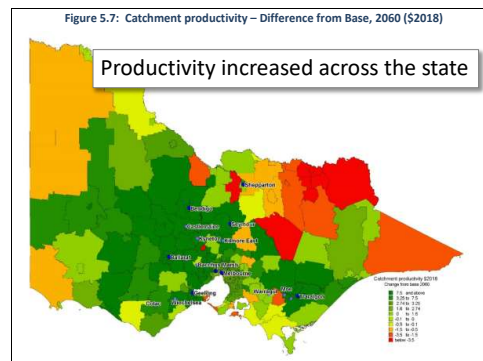
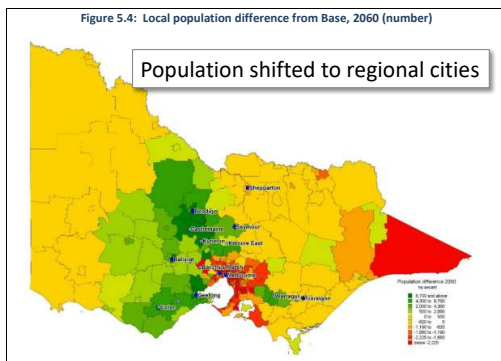
A study of faster rail connections by the highly respected National Institute of Economic and Industry Research (NIEIR)¹ has shown that faster rail connections are essential for regional settlement and economic growth. Without them, all growth is concentrated in Melbourne and its urban areas.

NIEIR used its comprehensive economic model of the Australian economy to predict Victoria’s economic growth under two scenarios – a base case where population growth continues the current trajectory, compared with an alternative case where faster (200kph) rail commuter connections are rolled out in the key corridors to Geelong, Ballarat, Bendigo, Shepparton and Traralgon.

The study compared the results between the faster rail case and the base case. In the base case, almost all the population and economic growth occurred in Melbourne and its growth areas. In the faster rail case, there was a population shift to regional areas, and overall increased productivity especially in the rail corridors.



“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



Settlement Redistribution

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.

The two most important observations are:

1. **Simply building a faster rail network will increase Victoria’s GDP by 5%.** That is, Victoria’s productivity will be 5% greater if more people and businesses move into regional areas because of faster rail connections, compared with more growth and development in Melbourne without faster rail connections.
2. **The economic benefits were more than sufficient to justify the investment in the faster rail project.** In other words, a project to implement faster rail connections would have a positive business case, even if there was no demand for services. Clearly the reality is that there will be strong demand for services, but travel time savings are not needed to produce a positive business case.

¹ NIEIR (2020), National Institute of Economic and Industry Research: Economic impact assessment of fast regional rail on Victoria