



Association Number A03958 | ABN 64 217 302 489

AUSTRALASIAN RAILWAY ASSOCIATION SUBMISSION

To

The House of Representatives Standing
Committee on Infrastructure, Transport and Cities

On

Australian Government's role in the development
of cities

Sub-inquiry 1:

Sustainability transitions in existing cities

A decorative graphic at the bottom of the page. It consists of several overlapping, stepped lines in shades of blue and green, creating a sense of movement and modernity. The lines start from the left and extend towards the right, with some lines curving upwards.

THE ARA

The Australasian Railway Association (ARA) is a not-for-profit member-based association that represents rail throughout Australia and New Zealand. Our members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector. We contribute to the development of industry and government policies in an effort to ensure Australia's passenger and freight transport systems are well represented and will continue to provide improved services for Australia's growing population.

The ARA thanks the Committee for the opportunity to provide this submission to Sub-Inquiry 1: *Sustainability transitions in existing cities*, on the Australian Government's role in the development of cities.

For further information regarding this submission, please contact Natalie, General Manager Passenger and Industry Programs via ncurrey@ara.net.au or 02 6270 4512.

INTRODUCTION

The ARA welcomes the renewed national focus on our cities, both metropolitan and regional. But importantly the collaboration between Local, State and Federal Governments is essential to better plan and invest in our cities. It is vital to maximise the flow of movement and improved economic and social benefits that will secure the future prosperity of Australia.

Efficient public transport systems are vital to the productivity and success of our cities and urban centres. Our cities drive the economy and wealth of the nation. Similar to other countries, Australian cities faces the following challenges:

- a growing and urbanised population: Australia is one of the most urbanised countries in the world. 66 per cent of the Australian population lives in capital cities¹.

- 35 per cent of Australia's population resides in Melbourne and Sydney and Australia's larger capital cities are growing at triple the rate of regional areas.²
- expanding and geographically spreading cities: 74 per cent of Australia's population is expected to live in a capital city by 2061.³
- congested roads, airports and flight paths: By 2020, road congestion is forecast to cost Australia \$20.4 billion annually through lost productivity as a result of time wasted in traffic.⁴
- increasing greenhouse gas emissions: On a per capita basis, Australia is the highest carbon emitter in the OECD and one of the highest in the world.⁵
- CBD transport links: Collectively, Sydney, Melbourne, Perth, Brisbane and Adelaide CBDs employ 10.6 per cent of the population.⁶ Considering that only 0.6 per cent of the population live in these CBDs, public transport links in to, out of and within city centres is vital to not only maintain but continue to improve the nation's productivity.⁷

Improved and integrated public transport systems are the solution to each of these challenges.

SUSTAINABILITY TRANSITIONS IN EXISTING CITIES

How trajectories of existing cities can be directed towards a more sustainable urban form that enhances urban liveability and quality of life and reduces energy, water and resource consumption.

THE ROLE OF RAIL

Cities of all sizes around the globe are increasingly people-focused, investing in integrated transport systems that link high-capacity metro systems with light rail, regional rail and other public transport modes to encourage active and engaged community-based lifestyles.

Rail provides the backbone of public transport systems in Australian cities. Continued improvement of rail in our cities through technology, infrastructure investment and expansion will increase the service and capacity offering and position rail as a viable alternative to the car.

Over the past decade, due to increased population growth, increasing road congestion and costs, together with significant investment in new lines, upgrading and electrification of existing lines and procurement of new rollingstock, passenger rail patronage has risen significantly in Australian cities, particularly on the rapidly expanded Perth rail system, Melbourne's extensive heavy and light rail network, Victoria's upgraded regional rail system and Sydney's city network now moves more than 1 million people each work day.

In 2015, private vehicles accounted for 87 per cent of Australia's total passenger transport task in urban areas. Continuing to clog our roads and cities with vehicles will impact Australia's economic productivity and gross domestic product (GDP)⁸. The Bureau of Transport, Infrastructure and Regional Economics continue to calculate the cost and impact of road congestion. In 2015, time stuck in traffic in Australian cities cost the Australian economy \$16.5 billion in lost personal and business time, extra vehicle operating costs and additional transport emissions. Business as usual projections put the cost of congestion at \$30 billion in lost productivity by 2030⁹. Public transport, in particular rail is part of the solution. One passenger train takes 525 cars off the road, and a freight train takes 110 trucks off the road. Research shows that building more roads does not reduce congestion, and therefore there is no economic (or social) justification for this approach. In fact increased road traffic can often be a cause of induced demand as opposed to population growth.

Public transport has broader benefits beyond reducing road congestion. It is proven that public transport is cheaper, safer, and more environmentally responsible and enables older Australians, people with a disability and those in lower socioeconomic situations, to access basic services and reduce their isolation. Australians who travel by public transport are proven to be more active and healthier. Deloitte Access Economics calculated for the ARA that the social benefit for each new rail journey averages \$5.70 per individual.

The ARA support the concept of '30 minute' cities, particularly in regard to daily workforce commutes. To maximise an individual's social benefits and ensure quality of life will require further investment to improve public transport services, complimented with demand management.

OPTIMISATION OF CURRENT RAIL INFRASTRUCTURE

For Australian passenger rail networks to function effectively in the service of our cities and its people, significant new levels of funding are required to maintain and upgrade existing systems and provide additional capacity to better manage future patronage growth. Our cities and regions will only continue to prosper with continued improvements and expansion of existing public transport systems and seamless integration with alternative modes of public transport.

Improvements to the quality of existing track and rollingstock as well as signalling system upgrades will provide improved service and permit faster rail connections using existing rail lines.

The value of incremental improvements must not be underestimated from both a safety and efficiency perspective. Gradual infrastructure upgrades that permit speed increases of 10km/hr will still vastly improve the service offering and rail's ability to compete with road on regional and inter-city routes and within metro networks.

The ARA recommends the Commonwealth Government works closely with State and local Governments to identify and act on the opportunities available in this space. The below list provides examples of potential projects where upgrades would deliver faster, more reliable services:

- Melbourne Airport rail link:
 - Sunshine alignment, electrification of the RRL lines or,
 - Flemington alignment, speed up Newmarket to Flemington section.
- General speed upgrade to the lines north of Southern Cross Station in Melbourne.

- Accelerating implementation of digital signalling for Sydney to increase capacity (ETCS)
- Further four tracking in congested areas on the Sydney network
- Removal of signal pinch points on regional and intercity locations e.g. Coalcliff tunnel
- Progressive alignment of network gauge and total axle loads for consistency in networks interfacing with the ARTC interstate network including the future In-land Rail to support operational improvements.
- Removal of Level Crossings on the ARTC NSW North Coast Line
- Improved track and rollingstock between Canberra and Sydney to provide 200km/hr top speeds for sub-three hour transit times.
- Duplicate the line from Deer Park West to Melton and electrify the line from Sunshine to Melton to improve capacity and reliability on the line, which serves both Ballarat and Melbourne's western suburban growth areas.
- Constructing a dedicated metro route from Bankstown to Liverpool as an extension to Sydney Metro Phase 2 could be an economic game-changer that drives the economic productivity of the region.

Additionally, the ARA highlights the following projects where rail extensions will benefit outer-lying suburbs:

- Ellenbrook rail link (Perth): A 20-km rail link from a point on the Midland line to the fast-growing outer suburban area of Ellenbrook in Perth's north-eastern suburbs.
- South West Rail Link Extension Corridor (Badgery's Creek Airport, Sydney): The proposed public transport corridor will connect with the South West Rail Link and into the existing rail network, providing service to those areas as well as the airport.
- Butler to Yanchep rail extension (Perth): A 13.6 km extension of the Northern Suburbs Railway with 3 new stations and provision for a fourth future station.
- Beerwah to Maroochydore (Queensland): constructing the Sunshine Coast rail line from Beerwah to Maroochydore.

Rail extensions and faster trains will reduce commuters travel journeys and potentially enable commuters a feasible option in accessing more affordable housing on the outskirts of the city, while working in the CBD.

With regard to outer-lying suburbs and the continued expansions of our cities, the ARA proposes the Commonwealth Government adopt a policy to introduce fixed transport connections, including heavy or light rail, including appropriate intermodal facilities in the planning and construction phase, not post-construction. However, the Commonwealth Government should also consider encouraging regional growth and employment through regional rail connections and high speed rail.

ACCESSIBILITY

Passenger rail provides extensive access opportunities for people with all levels of ability or inability. Integration of all modes of transport so that a seamless transport journey is available and helps position public transport as a viable alternative to the car. When car travel is not a viable option, the integration of public transport systems is even more important.

Transport modes must work collaboratively to maximise the service offered to customers. There is a need to ensure that the passenger rail sector is effectively integrated with other modes of public transport (buses, ferries), paratransit (taxis, car sharing) and active transport (walking, cycling). Only in this way will passenger rail and other complementary modes of transport provide a seamless, complete mobility package that will drive mode shift from cars to public transport over the longer term.

SMART TECHNOLOGY

To maximise the service offering on existing rail networks, modern technologies and integrated systems such as automated train control, intelligent transport solutions and asset management tools will allow operators to run trains closer together while increasing safety and infrastructure capacity to accommodate patronage growth, current and forecast.

Politicians, regulators and procurers need to be mindful when developing legislation, design specifications and standards, that they are not too prescriptive to inadvertently restrict innovation and the most optimal operational outcomes.

Operators are embracing new technologies to improve existing infrastructure resilience and effectiveness and the customer experience. Mobile applications that use real time data made publically available by operators are increasingly providing customers as well as station staff with access to real time information on the service and any unplanned disruptions. Better data usage will drive greater productivity in service delivery and assist in identifying and implementing improvement opportunities.

Technology, social media and improved service delivery of travel has had a significant positive impact on patronage and customer experience.

While technologies can assist in optimising the service offered by existing infrastructure, expansion and upgrades to infrastructure is still a vital piece of the puzzle in meeting the needs of our growing population.

Operators continue to improve fuel usage and energy efficiency to decrease operating costs and improve environmental performance. Continued Government support of these programs will ensure sustained improvement in this space.

What regulation and barriers exist that the Commonwealth could influence and opportunities to cut red tape?

LONG TERM PLANNING AND FUNDING

The ARA has long advocated for all levels of Government to have an active role in the funding, planning, regulatory reform and coordination of transport.

Long term planning that incorporates all modes and all levels of Government is vital. Australian cities need plans that ensure the necessary level of capacity on current systems, that new rail projects are identified and constructed to boost capacity and that future corridors are identified and preserved. The ARA advocates for the establishment of

medium to long term city plans or 'City Blue Prints' that all parties agree to, to provide plans for our cities and remove public transport and infrastructure investment from political cycles, minimise opposition from other parties, allow faster project implementation and provide certainty to industry and developers. Cities should be viewed as a network to ensure interoperability between transport and urban planning. Planning must be holistic, provide certainty and introduce transport connections in the planning and construction phase, not post-construction.

The ARA advocates for innovative funding and financing mechanisms to deliver Australia's infrastructure needs and thus the ARA supports the establishment of a dedicated infrastructure financing unit to work closely with the private sector to determine funding and financing solutions. An added benefit or aim of the infrastructure financing unit should be the consolidation of fragmented funding pools into a dedicated Integrated Infrastructure Fund. This will reduce administrative costs and increase transparency.

DEMAND MANAGEMENT

Demand management has a role to play in Australian cities. By charging road users to access certain roads or areas of a city, congestion charging reduces road congestion and transport-related emissions by encouraging road users to adopt alternative transport options. These systems generate significant revenue that should at least in part, be re-invested in public transport offerings.

Congestion charging would be challenging to introduce in Australia as it would be likely to generate significant opposition. However, with strong political will, it could be done. The longevity of the systems around the globe, such as Singapore and Oslo, and the positive results the systems have achieved, are proof that a congestion charge can be a successful tool to improve the transport system of a city whilst providing a source of revenue for long term investment.

In its June 2013 National Infrastructure Plan, Infrastructure Australia recommended seven funding reforms, one being "user pays – user says" which made the case for "users to make a direct contribution to infrastructure and in turn, get a say on the level of service

provided". Introducing congestion charging within Sydney, Melbourne and Brisbane that are each particularly challenged by road congestion would not only improve the flow of traffic but also establish significant funds to invest in the transport systems of those cities.

Disability Transport Standards

Disability Transport Standards were introduced in 2002. Passenger rail operators have made a commitment to continuously improve the accessibility of passenger rail systems. This includes improvements to infrastructure and rollingstock and the customer experience as a whole for those with disability. Over the past two decades, significant investment has delivered accessibility improvements at rail premises and to rollingstock. Passenger rail operators have consulted with the disability sector individually and collectively regarding accessibility plans and investment decisions to ensure that all accessibility improvements are developed in collaboration with those with disability and their representative organisations.

Considerable investment is still required to ensure legislated targets for accessibility are met by passenger operators. However, due to the historic nature of some rail assets, such as underground train stations and the widths of their platforms, some aspects of the standards are impractical and impose significant regulatory and financial burdens on the passenger rail sector, making compliance a great challenge for operators. Integrated planning and urban design are essential for future proofing new public infrastructure developments and upgrades, however consideration must be given to the time, cost and limitations in modifying existing, often significantly aged infrastructure, and the alignment between transport standards and premises standards.

Even if Operators had the required funds (estimated at billions of dollars) to bring the network into compliance, timeframes set by the Commonwealth Government would still be near impossible to meet due to operational capacity limitations. Some disability transport standards are in fact, not even fit for purpose, so even if standards are met, they will not actually be functional outcomes for people with disabilities.

The overall objective should be the dignity and independent movement of people with a disability; as such less prescriptive and more objective based approaches would encourage innovative and cost effective design solutions, resulting in better functional outcomes for people with a disability. For example, ARA members are focusing not only on improvements to infrastructure and rollingstock, but also on customer experience innovation for people with a disability.

The ARA seeks the Commonwealth Governments' understanding and support as the industry works to modernise the Disability Transport Standards.

Taxation Bias – creating road congestion

The ARA wishes to highlight that currently Australia's taxation system incentivises Australians to travel by motor vehicles over public transport. According to a 2015 paper by the Tourism and Transport Forum, the current arrangements deliver preferential treatment of salary-packaged cars while public transport is taxed at 46.5 per cent. The *Fringe Benefits Tax Assessment Act (FBTAA) 1986* was introduced in part as an indirect method of providing support to the ailing Australian motor vehicle industry, when Australian built cars were approximately 85 per cent of domestic sales¹⁰. However by the end of 2017, the Australian car manufacturing industry will be non-existent and justification of the policy at the expense of encouraging public transport usage is well and truly outdated, and actually conflicts with the Government's current efforts in reducing congestion.

The ARA recommends that the Commonwealth Government amend the taxation system to incorporate public transport passes into the salary sacrificed offering to encourage Australians onto public transport. Provision for employers to offer salary packaged public transport passes will encourage commuters onto public transport, reducing taxation system bias and having the broader effect of reducing road congestion and creating healthier Australians as public transport commuters are proven to walk five times more than those who drive to work. Further, the ability for transport agencies to provide their employees with a salary sacrificed transport ticket has the added benefit of immersing their employees in the public transport system, providing improved employee knowledge

and understanding of the system which in turn allows them to better focus their efforts for improvements to the system.

If public transport fringe benefits became an additional category to provide employers with the ability to offer their employees public transport tickets using pre-tax dollars (rather than residual fringe benefits), independent analysis undertaken by Deloitte Access Economics for the ARA in 2017, anticipates a 15 per cent initial take up of FBT exempt public transport tickets. While it is estimated to cost the Government approximately 0.04 per cent of its annual revenue, it is anticipated that there will be around 59.3 million new public transport journeys after implementing the scheme. It is estimated that trains will account for 55 per cent of new public transport journeys, buses 36 per cent, trams 7 per cent, and ferries 2 per cent. The social benefit of each new rail journey is calculated at \$8.41 per journey in Sydney, \$6.66 in Melbourne, \$4.6 in Perth and \$3.11 in Brisbane¹¹. These estimated social benefits equal or exceed the estimated cost to Government in exempting public transport from FBT.

In Queensland in 2016, an Australian first was announced - enabling eligible employees from approximately 300 Queensland organisations the opportunity to salary sacrifice bus travel within the South-East Queensland TransLink network. RemServe, the Australian Tax Office salary packaging provider, estimates that those who earn \$70,000 and take 10 trips a week across four zones could save under \$1500 a year under the plan, while inner-city workers travelling two zones earning \$65,000 could save \$1100. Transport Minister Stirling Hinchliffe supported and welcomed the plan, urging the Commonwealth Government to extend the concession to all public transport.

A national ticketing system

Australian jurisdictions have adopted smart ticketing systems such as the Opal card in Sydney and Myki in Melbourne. These systems provide extremely useful data on patronage and system use for operators and while they continue to be refined for improved customer experiences, the long term plan should be the establishment of a nationally integrated smartcard ticketing system that provides micropayments, for all modes of public transport.

This could broaden the rail operator revenue base for reinvestment in the system rather than seeing each jurisdiction individually invest in their systems.

Improved tendering

The procurement process in Australia had been criticised as costly and time consuming. The tendering costs in Australia are estimated to be around 1-2% of a project's total cost, which are high compared with world benchmarks of 0.5%¹². The ARA proposes that significant benefits could be realised if improvements were made to current Australian commonwealth and state government procurement practices.

There is opportunity for government to implement a more simplified and transparent tendering process with improved risk mitigation practices and contracting arrangements. Harmonisation of standards, having a clear and smooth pipeline of projects, improved feedback sessions and better infrastructure planning would facilitate improved investment and innovation; reducing tendering costs and whole of life projects costs for both the contractor and the procurer.

Harmonisation of Standards

Rollingstock standards are complicated by legacy development of Australia's passenger networks including differing track gauges, loading gauges and traction arrangements, even before operation and customer requirements are taken into account. Political considerations can also influence the design, timing and funding arrangements for new rollingstock. While this may make it challenging to achieve a single platform, clear opportunities exist to at least reduce Australia's 36 different passenger rollingstock classes. The harmonisation of standards would result in significant cost savings and through improved efficiencies and would support innovation if objectives were outcome based. It is estimated that \$2.5 billion in planning and design cost savings and \$1.1 billion in component cost savings could be realised if rollingstock platforms and componentry were harmonised¹³.

A national approach to rollingstock orders

Australian passenger rail networks require the continued purchase of rollingstock to replace their ageing fleets and accommodate growing and forecast patronage numbers. Rollingstock procurement tends to be volatile, high profile, complex and influenced by political and operating considerations. Procurement challenges are seeing the cost to deliver rollingstock increase year-on-year, a cost incurred by governments.

State Governments are the primary investors in new rollingstock but there is currently no national collaboration to achieve economies of scale. State governments order independently as the need arises and in doing so, they stipulate state-based specifications, component variations and standards that provide manufacturing challenges that add to the total cost and at times, project timelines. This lack of cohesion has resulted in procurement inefficiencies, creating a sporadic investment cycle and a 'lumpy' flow of orders which hinders the growth of Australia's rail manufacturing sector and ultimately increases the cost to government. Approximately \$15.5 billion in economic activity could be maintained should coordinated planning result in the demand for rollingstock being smoothed¹⁴.

Whilst rail manufacturers are likely to retain a local role in repair, maintenance and refurbishment, the future of Australia's rail manufacturing industry is heavily dependent on its ability to remain relevant to key customers. As the ultimate owners of passenger rail operations, state governments are the rail manufacturing industry's main customers.

Like other Australian manufacturing sectors, rail manufacturing faces considerable challenges to remain competitive globally. Cohesion between states to satisfy demands and plan nationally for the future is essential. Harmonisation of rollingstock standards and procurement is a priority that will benefit industry and governments.

Rail is a victim of Federation. But we can overcome this. The ARA recommends that Governments work with Industry to develop a National Rail Industry Plan that identifies the steps required to establish a nationally coordinated passenger rollingstock procurement process and in doing so, secure the future of Australia's rail manufacturing sector.

In November 2013, the ARA commissioned Deloitte Access Economics to identify improvement opportunities for passenger rollingstock procurement in Australia¹⁵. The

study found that over the next 30 years, approximately \$30 billion will be spent by state governments on the procurement of heavy rail passenger rollingstock to meet increasing patronage demands and replace ageing fleets. During this time, improved procurement processes and planning, such as improved scale, reduced planning and design costs and harmonised componentry could save state governments almost \$6 billion.

Given the significant amount of rail infrastructure development and rollingstock procurement forecast for the next 30 years, failure to implement better procurement practices could mean a considerable portion of domestic economic activity lost not to mention the risk to local jobs, skills, capability, rail infrastructure efficiencies. It's vital that the procurement process does not create unnecessary, adverse effects when planning the project that would impact the whole life performance of the asset. Significant cost savings are available if the procurement process is streamlined, simplified and transparent.

The national benefits of being a global 'best practice' leader in sustainable urban development.

Valuing Sustainability

The ARA recommends consideration is given to adopting the key principles of the Infrastructure Sustainability Council of Australia (ISCA) through the IS rating scheme –an industry-compiled voluntary sustainability performance rating scheme to evaluate the sustainability (including environmental, social, economic and governance aspects) of infrastructure projects and assets¹⁶. The ACT and South Australian Governments, as well as light rail operator, Keolis Downer are current industry members. The ARA recommends consideration is given to the IS rating scheme to assess and improve the IS rating of future transport infrastructure projects. This would need to be implemented from the design stage of a project and fed through all stages.

Further, modern light rail systems and enhancements to heavy rail train stations lend themselves to tree planting and green spaces to help contribute to the green urban space concept.

Valuing Social Externalities

As well as reducing travel times, public transport has the ability to connect members of the community from all socio-economic demographics, reduce greenhouse gas emissions and improve road safety and consequential road accident costs by taking cars off the roads. These benefits all contribute to the overall productivity of a city and therefore the ARA would argue that it should be included to generate a true cost-benefit-analysis of transport investment projects.

Investment in infrastructure should be tailored to support broader reforms that improve land use and create greater certainty for private investment in urban and remote areas.

The ARA welcomes the revision of the National Guidelines for Transport System Management to achieve consistent economic benefits and cost benefit analysis processes. As part of this review, the ARA recommends that a detailed post completion review is added to the investment decision-making process to assist in identifying continual improvement opportunities that will streamline costs, resources and time required.

SUMMARISED RECOMMENDATIONS

1. Ensure that public transport forms the backbone of future plans for Australian cities to reduce congestion and improve social wellbeing.
2. Establish Capital City Blue Prints or plans to take infrastructure planning and investment out of political cycles.
3. Consolidation of funding pools into a dedicated Integrated Infrastructure Fund to reduce administrative costs, improve transparency and provide a clear funding body for infrastructure.
4. Introduce demand management with revenue hypothecated back into public transport improvements.
5. Preserve the corridor for future rail lines, including High Speed Rail to future-proof projects and limit tunnelling and other associated costs.

6. Prioritise the optimisation of existing rail infrastructure by upgrading track, signalling and rollingstock to provide services with travel times that compete or beat road. Incremental infrastructure upgrades should not be overlooked.
7. Adopt the key principles of the Infrastructure Sustainability Council of Australia (ISCA) through the IS rating scheme for infrastructure projects.
8. Introduce fixed transport connections, heavy or light rail, including appropriate intermodal facilities at the planning and construction phase, not post-construction.
9. A detailed post completion review should be added to the investment decision-making process to assist in identifying continual improvement opportunities that streamline costs, resources and time required with the applied Cost Benefit Analysis process.
10. Appropriate recognition of public transport's ability to provide mobility for people of all levels of ability or inability, and commitment to support the rail industry as it works to modernise the Disability Transport Standards.
11. Amend the taxation system to incorporate public transport passes into the salary sacrificed offering, providing employers with the ability to offer their employees salary packaged public transport passes, a lever that will assist in shifting Australians out of their cars and onto public transport.
12. Support and provide financial assistance to trial new technologies to assist rail and other public transport operators to continue embracing innovative technologies that improve the customer service experience and increase network operations and capacity using existing infrastructure.
13. Adopt a national, harmonised approach to procure rollingstock, a measure that will save state Governments an estimated \$6 billion and will provide certainty to local suppliers, helping to support Australia's rail manufacturing industry while decreasing the cost and time required for highly specified rollingstock orders.
14. Implement a nationally integrated smart ticketing systems are transitioned to a nationally integrated smart ticketing system to save governments by providing national

economies of scale and also providing customers, local and overseas travellers with the benefit of a nationally integrated ticketing system as offered in other countries.

- 1 <http://www.abs.gov.au/ausstats/abs@.nsf/featurearticlesbytitle/AC53A071B4B231A6CA257CAE000ECCE5?OpenDocument#PARALINK3>
- 2 www.abs.gov.au/ausstats/abs@.nsf/Products/3235.0~2012-Main+Features-Main+Features?OpenDocument
- 3 www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+features62012%20%28base%29%20to%2020101
- 4 https://bitre.gov.au/publications/2007/files/wp_071.pdf
- 5 www.garnautreview.org.au/pdf/Garnaut_Chapter7.pdf
- 6 PwC Geospatial Economic Model (GEM). All values are real FY13. Locations are based in ABS SA2 classifications
- 7 PwC Geospatial Economic Model (GEM). All values are real FY13. Locations are based in ABS SA2 classifications
- 8 Bureau of infrastructure, Transport and Regional Economics (2015). *Traffic and congestion cost trends for Australian capital cities* (2015)
- 9 Bureau of infrastructure, Transport and Regional Economics (2015). *Traffic and congestion cost trends for Australian capital cities* (2015)
- 10 Kraal, D, Yapa, S, and Harvey, D. *The impact of Australia's Fringe Benefits Tax for cars on petrol consumption and greenhouse emissions* (2008).
- 11 ARA (2011) *The True Value of Rail Report*, Deloitte Access Economics
- 12 Rail Express, *The Sustainability of Rail Contracting in Australia*, 2012
- 13 Deloitte Access Economics, *Opportunities for Greater Passenger Rolling Stock Procurement Efficiency*, September 2013
- 14 Deloitte Access Economics, *Opportunities for Greater Passenger Rolling Stock Procurement Efficiency*, September 2013
- 15 Deloitte Access Economics, *Opportunities for Greater Passenger Rolling Stock Procurement Efficiency*, September 2013
- 16 www.isca.org.au/is-rating-scheme/is-overview/is-rating-tool



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Sub-Inquiry 2:

Growing new and transitioning existing
sustainable regional cities and towns



THE ARA

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The ARA thanks the Committee for the opportunity to provide this submission to Sub-Inquiry 2: *Growing new and transitioning existing sustainable regional cities and town*, on the Australian Government's role in the development of cities.

For further information regarding this submission, please contact Natalie, General Manager Passenger and Industry Programs via ncurrey@ara.net.au or 02 6270 4512.

INTRODUCTION

The ARA welcomes the renewed national focus on our cities, both metropolitan and regional. But importantly the collaboration between Local, State and Federal Governments is essential to better plan and invest in our cities. It is vital to maximise the flow of movement and improved economic and social benefits that will secure the future prosperity of Australia.

Efficient public transport systems are not only vital to the productivity and success of our cities, but also our regional urban centres¹.

Australia is one of the most urbanised countries in the world. 35 per cent of Australia's population resides in Melbourne and Sydney with Australia's larger capital cities growing at triple the rate of regional areas.² Further consideration needs to be given to Australia's

regional cities in assisting and addressing the congestion and housing price challenges of our capital cities.

Cities of all sizes around the globe are increasingly people focused, investing in integrated transport systems that link high-capacity metro systems with light rail, regional rail and other public transport modes to encourage active and engaged community-based lifestyles.

Improved and integrated public transport systems are part of the solution in connecting and reducing the isolation of Australia's regional cities.

GROWING NEW AND TRANSITIONING EXISTING SUSTAINABLE REGIONAL CITIES AND TOWNS

Examining ways urbanisation can be re-directed to achieve more balanced regional development

Long term planning and funding

The ARA has long advocated for all levels of Government to have an active role in the funding, planning, regulatory reform and coordination of transport.

Long term planning that incorporates all modes and all levels of Government is vital. The ARA advocates for the establishment of national transport blue prints that incorporate medium to long term urban development and integrated transport plans that all parties agree to. Removing public transport and infrastructure investment from political cycles and minimising opposition from other parties will allow faster project implementation and provide certainty to industry and developers. Planning must be holistic, provide certainty and introduce transport connections in the planning and construction phase, not post-construction.

The ARA advocates for innovative funding and financing mechanisms to deliver Australia's infrastructure needs and thus the ARA supports the establishment of a dedicated infrastructure financing unit to work closely with the private sector to determine funding and financing solutions. An added benefit or aim of the infrastructure financing unit should be the consolidation of fragmented funding pools into a dedicated Integrated Infrastructure Fund. This will reduce administrative costs and increase transparency.

Light Rail

There has been a renaissance in light rail in Australian capital cities as well as large regional cities including the Gold Coast and Newcastle. These developments demonstrate the viability and sustainable alternative rail is to cars. This is particularly evident when integrated with other transport modes for example, heavy rail and buses; with technology and infrastructure investment; and an increase in service and capability offering.

High Speed Rail

Connecting cities and regional centres along Australia's East Coast with High Speed Rail (HSR) is a visionary project about the future of Australia. HSR has transformative potential to benefit a large part of Australia's population living in capital cities and regional centres along the East Coast.

Global experience shows that people will transfer from plane to HSR if the trip is under three hours. Over three hours and people will continue to fly. As a result, the success of HSR in Australia relies on its ability to travel between capital cities in under three hours. Modelling shows at 350km/hr, the required travel times are achievable, thus confirming HSR's suitability for the future of Australia's East Coast.

The ARA has been vocal on its position that the Federal, State and Local Governments should collaborate to preserve the corridor for HSR. The role of the Federal Government in this will obviously be vital to lead the way. The 2013 Federal Government Study identified the need for 144 km of tunnels between Brisbane and Melbourne. This is equal to 29 per cent of construction costs. The longer it takes to preserve the corridor, the more our cities

will expand, increasing the amount of tunnelling required into and out of cities and thus increasing the cost of the project.

The Corridor Protection Report released by Infrastructure Australia in early July indicated that the rising demand for land, particularly in our fast-growing cities, is likely to drive continued growth in the costs of acquisitions required to make way for critical infrastructure investments. Corridor protection is essential to safeguard governments – and taxpayers – from future growth in land prices and their impact on infrastructure costs.

Infrastructure Australia has modelled the impact of corridor protection under a range of scenarios across seven corridors included on the Infrastructure Priority List. Corridor protection and early acquisition across these corridors could save Australia approximately \$10.8 billion (\$2016, at a 7% real discount rate). In undiscounted terms, these savings represent around \$57.1 billion of avoided costs (in \$2016). Costs associated with early acquisition of land can be partially offset by property revenues during the period prior to construction. Where corridors were protected in the past, governments normally rented the properties to interested parties until the land was required for the project in question. Over the seven corridors modelled, rental revenues generated could be around \$4.2 billion (\$2016, at a 7% real discount rate) or \$7.7 billion (\$2016, undiscounted). Early acquisition of properties for the purpose of corridor protection can also be an important platform for value capture.

The ARA supports Infrastructure Australia's recommendation that a national framework for corridor protection is required to guide coordinated and meaningful action by all levels of government.

The ARA believes the Government could reduce its financial investment by introducing funding mechanisms such as value capture along the route and around stations, acquiring larger parcels of land than is required for the corridor and selling the land back to developers, as well as encouraging Transit-Oriented Developments. The ARA is of the view that it would be unlikely that the project could be solely funded through innovative funding though. Ultimately, the first step requires the preservation of the land for the route.

Inland Rail

The ARA commends the Australian Government's commitment to the Inland Rail project as a nationally significant infrastructure investment, and importantly, has been positively assessed by Infrastructure Australia. It is estimated that Inland Rail will boost Australia's GDP by \$16 billion over the next 50 years.

There will be benefits for regional Australia with better access to and from regional markets. It will open up new logistic options for NSW producers to domestic (e.g. Brisbane / north Queensland) and export markets (choice of ports – Melbourne, Port Kembla, Newcastle and Brisbane).

Inland Rail will make it easier for freight to move from farms, mines and ports to national and overseas markets. It is estimated that around two million tonnes of agricultural freight will switch from road to rail, with a total of 8.9 million tonnes of agricultural freight more efficiently diverted to Inland Rail.

The project will deliver enduring benefits over the long-term by linking Victoria and Regional New South Wales with Queensland – making it one of Australia's most important pieces of logistics infrastructure.

It will promote economic benefits through the efficient movement of both manufactured and fresh products between some of Australia's largest domestic markets.

The project aims to reduce the transit time (of less than 24 hours) for freight between Melbourne and Brisbane – improving rail freight competitiveness against road transport.

It will provide capacity to serve the east coast freight market for the next half century and beyond. It will also be a game changer for the industry in enhancing productivity and increasing consumer freight chain options.

The project will reduce train operating costs, improve service standards and provide significant benefits during construction and operation to the east coast states and more broadly the connectivity of the national rail network in Australia.

Inland Rail won't be constrained by the existing coastal route and the congestion challenges associated with trains having to go through Sydney (where passenger trains are

afforded priority over freight trains). From a Sydney perspective, it will free up capacity for other freight (e.g. Moorebank-Port Botany shuttles, Southern Highlands bulk traffic, potential future services to Eastern Creek) and passenger services (e.g. Southern Highlands, Northern Sydney).

To maximise the benefits of a dedicated rail freight line between Brisbane and Melbourne, it requires efficient rail connections to both the Port of Brisbane and the Port of Melbourne. The ARA supports a dedicated freight rail connection to the Port of Brisbane. This will significantly benefit the community, environment and industry, with the Port of Brisbane estimating that it would:

- Remove 4,000 trucks off SEQ roads daily
- Reduce road congestion and maintenance costs while increasing road safety
- Improve air quality
- Reduce passenger and freight conflict on passenger network
- Create a viable, efficient and competitive route to market for exporters

These and other benefits underscore ARA's support for the assessment and preservation of a dedicated freight rail connection to the Port of Brisbane.

Identifying the infrastructure requirements for reliable and affordable transport, clean energy, water and waste in a new settlement of reasonable size, located away from existing infrastructure.

Accessibility

Passenger rail provides extensive access opportunities for people with all levels of ability or inability. Integration of all modes of transport would provide a seamless transport journey and helps position public transport as a viable alternative to the car. When car travel is not a viable option, the integration of public transport systems is even more important.

Transport modes must work collaboratively to maximise the service offered to customers. There is a need to ensure that the passenger rail sector is effectively integrated with other modes of public transport (buses, ferries), paratransit (taxis, car sharing) and active transport (walking, cycling). Only in this way will passenger rail and other complementary modes of transport provide a seamless, complete mobility package that will drive mode shift from cars to public transport over the longer term.

Optimisation of Current Rail Infrastructure

For Australian rail networks, both passenger and freight, to function effectively in the service of our cities and regions, funding is required to maintain and upgrade existing track, rolling stock and systems, to allow for additional capacity to better manage growth and allow for faster movement on current rail lines.

Our regions will only continue to grow with improve intermodal transport, as well as integrated transport at city centres.

The value of incremental improvements must not be underestimated. Gradual infrastructure upgrades that permit speed increases of 10km/hr will still vastly improve the service offering and rail's ability to compete with road on longer regional and inter-city routes.

Infrastructure investment to improve the public transport service offering for regional centres would be a more affordable and timelier solution than the current HSR proposal. Improvements to the quality of existing track and regional rollingstock as well as signalling system upgrades will provide improved service and permit faster rail connections using existing rail lines.

The ARA recommends the Federal Government works closely with State and local Governments to identify and act on the opportunities available in this space. The ARA notes the following potential projects where track, signalling and rollingstock upgrades would deliver faster, more reliable services from key regions into their respective cities:

- Canberra to Sydney: Improved track and rollingstock to provide 200km/hr top speeds for sub-three hour transit times.

- Newcastle to Sydney: improved track and rollingstock to improve travel times.
- Wollongong to Sydney: improved track and rollingstock to improve travel times.
- Brisbane to Cairns: improved track and rollingstock to improve travel times.
- Melton Rail Duplication/Electrification: Duplicate the line from Deer Park West to Melton and electrify the line from Sunshine to Melton to improve capacity and reliability on the line, which serves both Ballarat and Melbourne's western suburban growth areas.
- Sydney Metro Bankstown to Liverpool: constructing a dedicated metro route from Bankstown to Liverpool as an extension to Sydney Metro Phase 2 could be an economic game-changer that drives the economic productivity of the region.
- Electrification of the Melton, Geelong, Bendigo and Ballarat lines in Victoria

An example of a successful update is Victoria's regional rail service, V/Line highlights the benefits that investment in regional rail can provide. Between July 2009 and June 2015, the Regional Rail Link, a multi-billion dollar project delivered 90 km of track for regional Victoria. The project saw the separation of metropolitan and regional services and the construction of dedicated tracks for the Geelong, Bendigo and Ballarat services through the metropolitan system from Sunshine to Southern Cross Station.³ On track for patronage growth of 21 per cent this year alone, the V/Line service is an example of "build it and they will come" or proof that investment into regional services to connect regional centres with capital cities leads to rail patronage growth.

Additionally, the ARA highlights the following projects where rail extensions will benefit outer-lying suburbs:

- Ellenbrook rail link (Perth): A 20-km rail link from a point on the Midland line to the fast-growing outer suburban area of Ellenbrook in Perth's north-eastern suburbs.
- South West Rail Link Extension Corridor (Badgery's Creek Airport, Sydney): The proposed public transport corridor will connect with the South West Rail Link and into the existing rail network, providing service to those areas as well as the airport.

- Butler to Yanchep rail extension (Perth): A 13.6 km extension of the Northern Suburbs Railway with 3 new stations and provision for a fourth future station.
- Beerwah to Maroochydore (Queensland): constructing the Sunshine Coast rail line from Beerwah to Maroochydore.

With regard to outer-lying suburbs and the continued expansions of our cities, the ARA proposes the Commonwealth Government adopt a policy to introduce fixed transport connections, including heavy or light rail, in the planning and construction phase, not post-construction.

Rail extensions and faster trains will enable commuters a reduced travel journey from regional areas. It also allows those working in capital cities to purchase more affordable housing on the city outskirts and regional centres.

Valuing sustainability and social externalities

The ARA recommends consideration is given to adopting the key principles of the Infrastructure Sustainability Council of Australia (ISCA) through the IS rating scheme – ‘an industry-compiled voluntary sustainability performance rating scheme to evaluate the sustainability (including environmental, social, economic and governance aspects) of infrastructure projects and assets⁴. The ARA recommends consideration is given to the IS rating scheme to assess and improve the IS rating of future transport infrastructure projects. This would need to be implemented from the design stage of a project and fed through all stages.

Public transport has the ability to connect members of the community from all socio-economic demographics, reduce greenhouse gas emissions and improve road safety and consequential road accident costs by taking cars off the roads. These benefits all contribute to the overall productivity of a city and therefore should be included to generate a true cost-benefit-analysis of transport investment projects.

Investment in infrastructure should be tailored to support broader reforms that improve land use and create greater certainty for private investment in urban and remote areas.

The ARA welcomes the revision of the National Guidelines for Transport System Management to achieve consistent economic benefits and cost benefit analysis processes. As part of this review, the ARA recommends that a detailed post completion review is added to the investment decision-making process to assist in identifying continual improvement opportunities that will streamline costs, resources and time required.

SUMMARISED RECOMMENDATIONS

- Ensure that public transport forms the backbone of future plans for Australian regional centres and connection to the cities.
- Establish a National Transport Blue Prints to take infrastructure planning and investment out of political cycles.
- The infrastructure financing unit should also act as a consolidation of funding pools into a dedicated Integrated Infrastructure Fund to reduce administrative costs, improve transparency and provide a clear funding body for infrastructure.
- The Federal Government should lead the preservation of the corridor for High Speed Rail to future-proof the project and limit the associated tunnelling costs.
- Improve existing regional to intercity routes by upgrading track, signalling and rollingstock to provide services with travel times that compete or beat road. Incremental infrastructure upgrades should not be overlooked.
- That the inclusive nature of public transport is also recognised, such as public transport's ability to provide mobility for people of all levels of ability or inability, and that the Federal Government continues to support the rail industry as it works to modernise the Disability Transport Standards.

1 PwC Geospatial Economic Model (GEM). All values are real FY13. Locations are based in ABS SA2 classifications

2 www.abs.gov.au/ausstats/abs@.nsf/Products/3235.0~2012~Main+Features~Main+Features?OpenDocument

3 <http://ptv.vic.gov.au/projects/rail-projects/regional-rail-link/>

4 www.isca.org.au/is-rating-scheme/is-overview/is-rating-tool