Flight Free Australia
Contact: Annabel Smith

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Committee Chair, Mr John Alexander OAM MP
The House of Representatives
Standing Committee on Infrastructure, Transport and Cities
PO Box 6021
Parliament House
Canberra ACT 2600

29th November 2019

Re: Terms of Reference: *Options for financing faster rail*

Dear Mr Alexander,

Thank you for considering our proposal for financing faster rail.

We present (1) a novel perspective on data from the Australian Government Bureau of Infrastructure, Transport and Regional Economics [1] to highlight priorities for financing Fast Rail and (2) a new proposal to finance priority Fast Rail routes in Australia.

(1) Priorities for financing fast rail

The Committee proposes to invest in Fast Rail connections between our capital cities and regional centres. While we applaud the Committee's focus on financing Fast Rail, examination of the proposal reveals a disproportionate focus on regional centres and far too limited consideration of connecting capital cities.

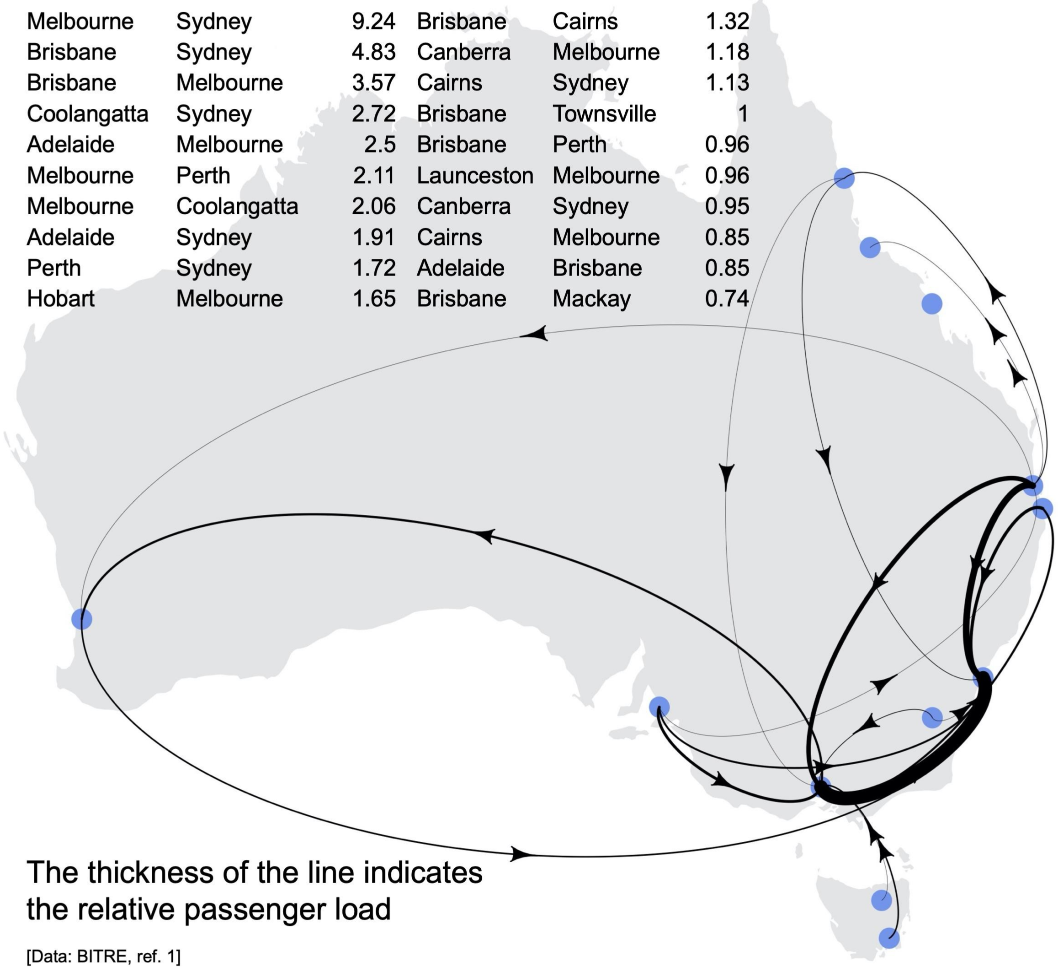
This is concerning given that, in 2015, domestic aviation in Australia was responsible for 8 MT CO_2-e. Emissions from domestic aviation are projected to be 9.12 MT CO_2-e in 2020 and 11.2 MT CO_2-e in 2030, an increase of 40% compared with the 2015 level [2]. These increases are occurring despite the Intergovernmental Panel on Climate Change showing clearly that our CO_2 emissions must be halved by 2030 and cut to zero by 2050 [3]. Given the urgency of the climate crisis, Fast Rail must rapidly replace air travel in Australia.

Others have written about the devastating consequences to regional communities of encouraging metropolitan workers to reside, but not work, in these communities [4]. These consequences include sky-rocketing regional rental prices, regional business closures, employment losses, wage decline and land grabbing by rentiers [4]. We share these concerns. Public transport investments should be planned to boost regional communities, for example by improving the frequency of local transport services. Our main concern, however, is that investments in Fast Rail must prioritise the dire need to address our overreliance on air travel.

The congested skies in Australia show clearly where fast rail connections must be developed. The top 20 domestic routes in Australia are between 12 cities: Adelaide, Brisbane , Canberra, Cairns, Hobart, Launceston, Melbourne, Mackay, Gold Coast, Perth, Sydney, Townsville (Fig. 1).

Fig. 1: Top 20 air routes in 2018 (million passengers)

Melbourne	Sydney	9.24	Brisbane	Cairns	1.32
Brisbane	Sydney	4.83	Canberra	Melbourne	1.18
Brisbane	Melbourne	3.57	Cairns	Sydney	1.13
Coolangatta	Sydney	2.72	Brisbane	Townsville	1
Adelaide	Melbourne	2.5	Brisbane	Perth	0.96
Melbourne	Perth	2.11	Launceston	Melbourne	0.96
Melbourne	Coolangatta	2.06	Canberra	Sydney	0.95
Adelaide	Sydney	1.91	Cairns	Melbourne	0.85
Perth	Sydney	1.72	Adelaide	Brisbane	0.85
Hobart	Melbourne	1.65	Brisbane	Mackay	0.74



The thickness of the line indicates the relative passenger load

[Data: BITRE, ref. 1]

Of the 11 routes being considered by the committee, only one of the proposed routes – Sydney to Canberra – is in the top 20 of our congested flight paths. Thus, there is a stark discrepancy between rail investments that *need* to be happening, according to science and data, and those proposed by the Committee.

We fully encourage investment in the Sydney to Canberra route and this should be urgently prioritised. Regarding the other routes, we would also support investment in some of these as long as they were embedded in a plan to connect the east coast capital cities from Melbourne to Brisbane. We would support the Sydney to Newcastle, Brisbane to Gold Coast and Melbourne to Albury-Wodonga via Shepparton routes if they were considered as parts of the greater whole, such as that proposed by Beyond Zero Emissions [5].

Remaining fast rail resources should be directed towards completing the travel routes in most need of fast rail, particularly Melbourne–Sydney, Brisbane–Sydney and Adelaide–Melbourne, which together were burdened with over 16 million passengers in 2018 (Fig. 1).

(2) Options for financing fast rail:

Tax domestic commercial airline profits: In FY19 Qantas made a profit of $1.3 billion. A 30% tax on Qantas profits would bring in $390 million within a single year to help finance Fast Rail. Qantas paid no tax between 2009 and 2018 [6]. Even when Qantas started paying tax in FY18, they paid a mere $4 million by using loopholes, when the tax owed should have been around $500 million [6]. Thus, recovering the debt owed to the Australian people by Qantas would raise several billion and could, in itself, finance a large proportion of the cost of Fast Rail.

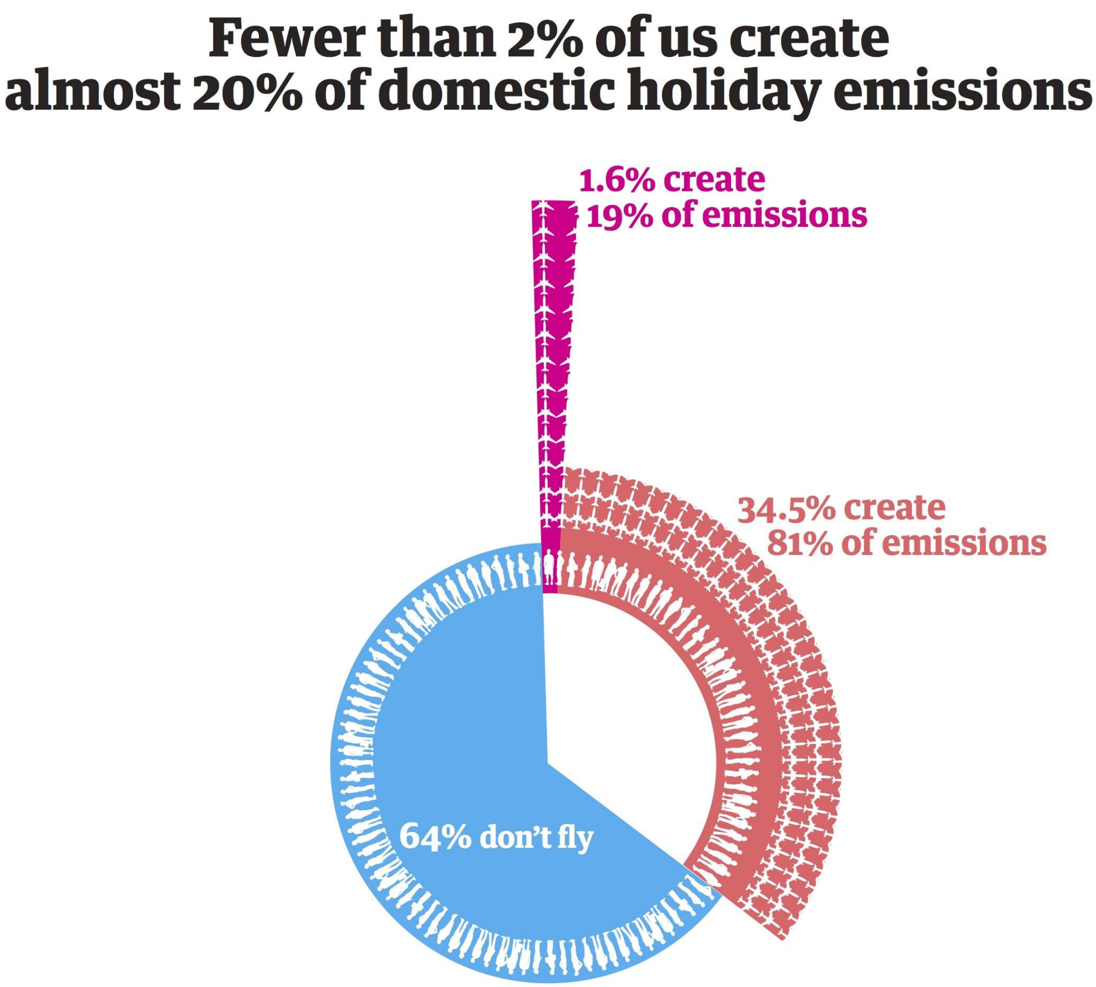
Increase Aviation Fuel Excise Rate: The Australian fuel excise rate on aircraft gasoline is 3.56 cents per litre, less than 10% of the 41.8 cents per litre rate for road transport petrol and gasoline [7]. Aviation fuel needs to be taxed at rates similar to or higher than other modes of transport and the revenue raised ought to be used to fund Fast Rail.

Divest from roads, invest in rail: In the 2019-20 Commonwealth Budget, the Federal Government committed $5.5 billion for road transport and only $1 billion on rail. Investments into road projects are projected to increase by 17% by 2022-23. These investments continue, despite the well known phenomenon of induced travel, whereby new roads fail to ease congestion because of increases in use [8]. Since the states are primarily responsible for roads, these figures are small compared to the expenditures of the states. For example, in the 2019-20 NSW budget, $23 billion was committed to road projects across four years. Thus, divesting from road spending across Australia would generate billions to be spent on Fast Rail.

We propose to shift funds from road transport to passenger rail, thus alleviating the need for spending on roads, whilst creating sustainable jobs. Passenger rail is frequently cited as “too expensive”, but the Inland Rail project received $9.3 billion in federal funding for freight. Australian passengers deserve at least the same level of investment.

Frequent Flyer Levy: In 2016, 1.6 % of Australians were responsible for 19% of domestic aviation trips (Fig. 2) [9]. Thus, Frequent Flyers are contributing disproportionately to pollution that affects all Australians. We support a levy similar to that proposed by the international Stay Grounded network (https://stay-grounded.org) of which we are a member. That is, a levy (for example $250) is implemented when someone takes their second flight in one year – the cost then doubles with each additional flight taken in that year. This way, people who only very rarely fly to visit their family are not disadvantaged, while everyone is disincentivised to fly frequently. The revenues would go to making environmentally friendly transport modes like Fast Rail available and affordable, and to support sectors dependent on tourism and flights to transition towards climate-friendly jobs.

Fig. 2 Australia's Domestic Frequent Flyer Emissions



Air Freight Levy: Imposing a levy on goods freighted by air could also provide financing for Fast Rail. In 2018, 2,000 million ton-kilometres of domestic freight was moved by air [10]. Thus, a levy on air freight could be used to fund Fast Rail and help make the urgent and necessary shift from air to rail transport in Australia.

In summary, we propose:

(1) funding investment in fast rail between Australia's top 20 air routes as a priority, and

(2) innovative financing options for Fast Rail to include taxing domestic commercial airline profits, raising the fuel excise on aviation fuel, shifting funding from roads to rail and implementing a frequent flyer levy.

On behalf of Flight Free Australia, I thank you again for considering our proposals. We look forward to hearing how you will incorporate these proposals into the plans for financing Fast Rail.

Please don't hesitate to contact me (details above) with any questions in the meantime.

Your Sincerely,

Annabel Smith
On behalf of Flight Free Australia

References:

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