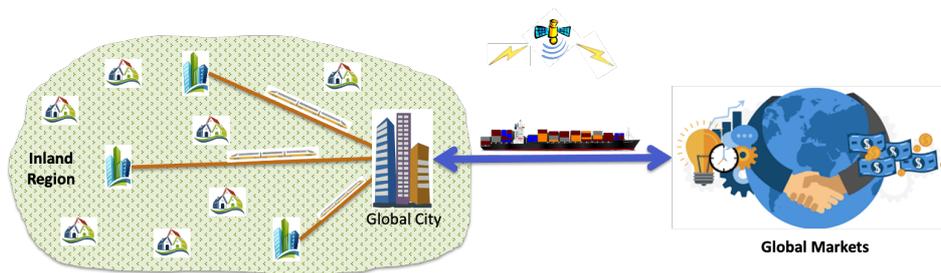


## BRIEFING NOTE

# The Australian Government must lead and fund rail infrastructure

China has shown how high speed rail can be used as an economic lever for regional economic development. The Australian Government must take the lead to deliver a national high speed network to support the regionalisation of Australia. It must take ownership of the 'below rail' infrastructure, and establish a regulatory framework for planning, standards, safety and commercial operation of the network.



### Why do we need a high speed network?

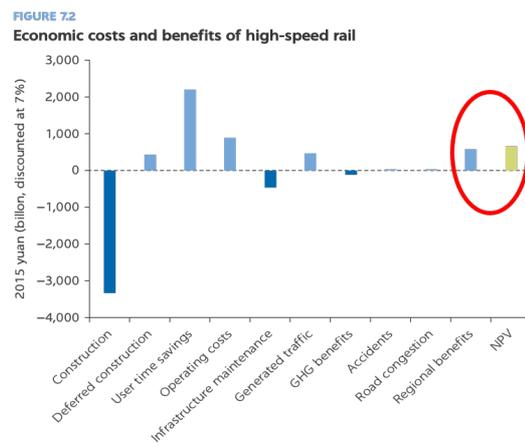
Recent studies show that the economic growth of regions with secondary cities will outperform the growth of an individual global city on its own, as long as they are well-connected, which usually means high speed rail. Rebalancing Australia's population growth into regional cities will boost the Australian economy more than continuing growth predominantly in our capital cities.

The economic growth of China is based on this principle, with high speed rail being rolled out across the nation – and even into surrounding countries. The World Bank has supported China's high speed rail program. Their analysis shows that the overall benefits of the program are almost entirely due to the regional benefits attributable to the network.

### Regional economic benefits justifies the investment in rail infrastructure

The World Bank also estimates that China's HSR program had an internal rate of return of about 8% in 2018. NIEIR, a leading institute in Australia, has estimated that a similar faster rail project connecting Victorian regional cities would have an internal rate of return of 10%, due to regional economic benefits, as was the case in China.

So, in spite of the differences in population between China and Australia, it can be expected that the regional economic benefits are sufficient to justify building a faster rail network in Victoria. And the same would probably apply to Australia more generally, but the analysis hasn't been carried out.



Note: GHG = greenhouse gas; NPV = net present value.

^Source: World Bank (2019), China's High-Speed Rail Development



## BRIEFING NOTE

# The Australian Government must lead and fund rail infrastructure

### What does the Australian Government need to do?

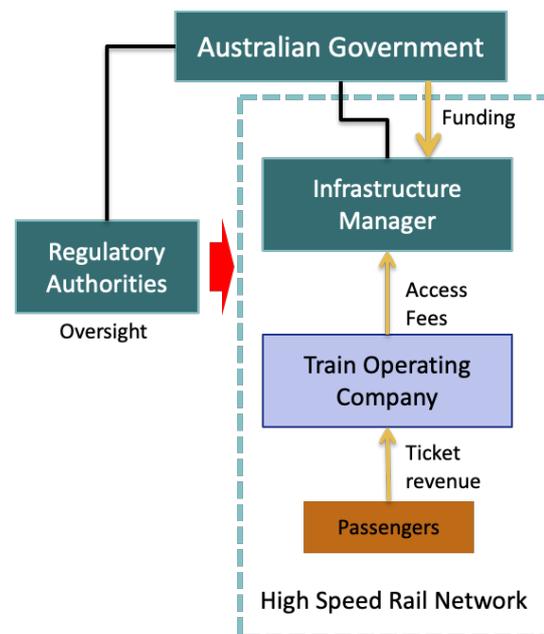
The recommendations from the study of high speed rail by AECOM in 2012 provide a guide. They recommended that the 'below rail' infrastructure should be owned by the government, with private competition for commercial operation of trains. This would require the government to set national plans and standards for the running of the network. It would need to also establish regulatory bodies to oversee the operation of services using the network.

This leads to three roles for the government, which follow the model for British Rail:

1. The Australian Government would be responsible for the planning of the network, and for funding the investment in it;
2. A government-owned Infrastructure Manager would be responsible for building and managing the network. This includes establishing commercial arrangements with Train Operating Companies, who would be charged access fees; and
3. Government regulatory authorities would ensure the safety of the network, and act as arbitrator to ensure a fair competitive environment for train operators.

### Conclusion

The Australian Government must take the lead, and use high speed rail as a lever for regional growth and the prosperity of Australians. It must take ownership of the 'below rail' infrastructure, which it should fund on the basis of the regional economic benefits it will deliver.



The need for common approaches and national standards has been an ongoing concern, which has held back the development of the Australian rail industry. Implementing a national high speed network will act as a catalyst to bring parties together to work towards a common goal.

The Government must also establish a regulatory framework to ensure a national approach to planning and standards, to ensure the safety of services using the network, and to maintain a fair competitive environment.

### For more information

Please go to <https://www.fastrackaustralia.net/>