

**Submission
No 116**

INQUIRY INTO INTER-REGIONAL PUBLIC TRANSPORT

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The Committee Manager
State and Regional Development Committee
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sirs/Madames - To be submitted online & by post -

SUBMISSION : INTER-REGIONAL PUBLIC TRANSPORT INQUIRY

IDEAS FOR CONSIDERATION

Many of the below comments relate to regional rail right throughout Australia, as Australia has tended to follow the American approach of favouring motor vehicles during the 20th century, and not supporting rail travel. The rest of the world, whether due to carbon consciousness or otherwise, has started to change this balance regarding modes of travel. We submit that NSW, out of all our States, has the best chance of following recent world trends, and should be the Australian leader in modern rail technology, with future implications for Countrylink.

A qualification is that, given the short notice we received for the opportunity to make this submission, we must emphasise some of our suggestions are *ideas* rather than fully researched recommendations in the specific Countrylink context. Nevertheless, we do point out that our Principal has been involved in an award-winning tourism venture on the Central Coast (*) and feels experienced enough to comment on tourism marketing strategies, in general. Of course, our main expertise is financial.

The emphasis of this submission is on Infrastructure rather than the comfort of the current train sets, for it is in infrastructure that we think Countrylink has been so badly let down over the last 30-40 years.

THE CURRENT XPT EXPERIENCE

The current train set for the XPT is some 30 years old. We understand it runs on tracks that are as much as 120 years old. So the service is configured to fail modern tests of competitiveness - people nowadays can renew their cars every 3-5 years, and airlines sometimes run with fleets less than 10 years old. We build new airports & modernise existing terminals. We build new roads & highways all the time, and yet we haven't built new modern (passenger) rail networks to date, because the capital costs are much higher.

Yet, despite all that, the XPT is still more comfortable for travelers than an airplane - more leg room, larger luggage space, even tables in some instances. In first class one can even shower and the toilets throughout are of comparable standard to modern jets. Disabled access is facilitated - not the case with hire cars, coaches and commercial aircraft. So there are lots of advantages and the majority of patrons think it does its basic job fairly well. THE ONLY PROBLEM IS THAT IT IS SLOW!

11 hours to Melbourne and 14 hours to Brisbane from Sydney's Central station (all going well) is just uncompetitive for most modern travelers, MOREOVER THERE IS NO WI-FI !!



The fares can only be considered in the context that a mere sub-set of potential travelers would be attracted by such slow journeys. Older people who have time to spare, and lower socio-economic strata travelers, who are price conscious, seem to be the main available market if one excludes those that just enjoy the "train experience". Fares of \$91 one-way economy from Sydney to the other 2 major capitals compares in order of magnitude with discount air fares but fails to compete on timeliness, and exceeds the cost of most motor vehicles, in respect of fuel costs. However, that is largely because Countrylink is not running world's best practice rail - which should, all things being equal, be able to compete against both alternative modes, at least on the east coast north-south run.

COUNTRYLINK - WHAT HAS HAPPENED?

Long term under-investment in country rail in NSW has degraded the status and utility of the service. To put this in an analogy that many tourists, and certainly the NRMA, would relate to: **the Countrylink standing in the community has progressively deteriorated over time to the state of a 3 star motel**, when most people nowadays are looking for the efficiency & comfort of a 4 to 4.5 star hotel, and some even for a 5 to 6 star luxury lodge. In other words, it is not meeting travelers' expectations - in terms of the **total experience**. And that is not for want of trying, but - just like the ownership of motels - under-investment and lack of attention to renewing the experience can leave such an outdated service stranded, or isolated on the economic spectrum, as against the modern, later competing investments. In the case of Countrylink, those competing parties are the airlines and their marketing partners and the (mainly coastal) more modern hotels and apartments which one approaches by ROAD. Does wotif.com book Countrylink experiences? Does Stayz.com.au? Would Webjet support Webrail? How well does Countrylink compete in this market, even after the move onto Amadeus booking online? Does it meet the **quality standard** desired by travelers, in terms of **overall experience**?

Australia has invested too little in public rail transport in recent decades, and failed its rail industry by cutting services, increasing prices, and only considering marginal changes to the network. We have become burdened therefore by a (sometimes self-defeating) dependence on road transport and an over-dependence on air transport between our 3 major cities. In essence, with the level of underinvestment and outdated infrastructure & technologies, Countrylink has been fighting in the market place almost with both hands tied behind its back!

WHAT IT NEEDS - MAJOR REFORM BUT MORE PARTICULARLY MAJOR INVESTMENT

We think that one should look to the models of the Japanese **Shinkansen**, and the French **TGV** network, for future technology & service levels for rail, **as an ambition**. Many other countries, too, have high speed rail which competes effectively with aviation and road transport.

Clearly, true latest technology High Speed Rail would be impractical or uneconomic for the whole of the Countrylink system, but it should be viable in stages for the East Coast corridor, Brisbane - Newcastle - Sydney - Canberra - Melbourne, and starting with the Newcastle Airport to Sydney corridor. Elsewhere things could be upgraded in steps if more people are attracted back to rail by better tourism & travel experiences.





We would suggest preparing Countrylink for **partial privatisation, following along the lines of the UK experience**. The East Coast corridor, including the Goulbourn to Wagga Wagga section and the link to Griffith (yes, rail to wine country is a theme), is the only candidate segment we can presently envisage for privatisation. The potential advent of true modern High Speed Rail (HSR) in this country, as being investigated at present by the Federal Government, provides the catalyst for this. The corollary is that Countrylink should be split and partly sold off to achieve the introduction of HSR.

All of this will require major investment and a total change in thinking from past efforts.

HOW TO GET INVESTMENT?

The clue to this as far as the legacy network is concerned, generally lies in the use of railway station real estate. **Air space & surrounding real estate should be utilised to the maximum extent.**

If one wanted to compete with the alternatives then one would have to say that wherever a traveller goes, providing it is to a major regional city that can economically support development, **every economically viable city railway station should have - at a minimum - a hotel and car rental outlets, all integrated into the rail hub**. In many regional city instances, this could also involve retail outlets, the parallel being "mini-Westfields". [Groups like Westfield, & Lend Lease, amongst others, would be able to work up that concept for the respective target cities].

This then gives the traveller an option of **both accommodation and the means of travel beyond** that City for exploration, leisure, or whatever. This is VITALLY IMPORTANT if rail is going to compete actively. Examples that come to the fore are the wine regions of the Hunter, Orange & the Riverina, the City of Tamworth with its country music festival, plus the coastal strip where beaches are the attraction. In fact, any town that can prove its own worth in the competitive country tourism market.

Generally, a test should be applied that any community that can raise a proportion, say 10-15% of the funds, for such major infrastructure development, should attract matching infrastructure investment by both the State & Federal Governments - probably something like 50% Federal; 35% State. This way the attitude of generally depending on the taxpayers purse is avoided and a degree of self-dependency and community involvement is fostered. Of course, where a railway station is a viable hotel & retail development proposition, the private sector will supply the bulk of funds required, though we do remark that perhaps some changes to Federal tax legislation might be required to make such investment as financially efficient as possible, and to maximise private sector inputs.

The HSR segment is a case in itself, and requires separate analysis, but we do say that there are a number of reasons for its viability having been under-estimated in the past attempts, and even to date.

WHAT WE NEED MOST

What we need is a **John Bradfield style vision**. We wouldn't have the Sydney Harbour Bridge (80 years old this year) without true long term vision and planning, utilising the very best of our country's engineering skills. Most of the NSW rail network dates from the 1880's. It did serve us well in a time past, but what have we invested in that mode of transport, especially in recent decades, versus the recent efforts of other countries? Why do we keep thinking that new roads will solve all problems? Or even a new airport without a fast rail link?



We need HSR as a "game changer", in order to re-vitalise the whole system.

Rail networks are very long life assets. They are fundamental building blocks to our nation's transport system. They are not so much an outmoded mode of transport but rather unnecessarily discredited, dismissed from our thoughts and, as a result, under-utilised. New rail corridors can be defined to bring in the latest of HSR technology. There is no valid reason why certain rail infrastructure improvements can't be financed over a very long term horizon **if properly planned and implemented**. That can catalyse a revival of rail quite possibly over a wider area.

BENEFITS OF HIGH SPEED RAIL

[Especially when integrated into a 'whole of system' public and private transport network]

Overseas experience shows **the potential for a a long term shift in the modes of transport used** by travelers in high traffic corridors where High Speed Rail ("HSR") is implemented. From France, Spain and South Korea, just for example, figures available publicly show a potential shift of up to approximately one-third of travelers, mainly out of air travel and to a lesser degree away from road transportation, once busy inter-city corridors obtain the additional option of a true HSR link, and traffic patterns stabilise thereafter. Britain quotes higher figures for HS1, e.g. 50% London to Paris.

This "diversion benefit" could be quite beneficial for Australia in the context of our busiest aviation corridors - Sydney/Melbourne (which is ranked 3rd to 5th busiest in the world on different parameters), and Sydney/Brisbane which is also ranked up in the 'teens' on the world scale of busiest corridors, using similar parameters. Therefore, East-Coast HSR linking Brisbane to Sydney through Newcastle, and Melbourne to Sydney through Canberra, should actually be quite good for Australia on a complete cost-benefit analysis. This is especially so if the "greener" attributes of HSR over directly fossil-fuel powered means such as aviation and motor vehicles, are able to be economically valued. Moreover, were the Pacific & Hume Highways to be actually - or even notionally tolled - at commercial levels (e.g. \$150 each way Sydney-Brisbane and also \$150 approx. Sydney-Melbourne) then it should be clear that rail is a viable alternative to consider for these corridors.

In the east coast context this has the additional benefit of opening up 'old rail' to expanded freight carrying, as the 'new rail' takes over the commuter and business travel and even visitation, tourism and leisure (an untapped additional benefit for HSR). Fast freight trains (FFT) are a separate subject.

As an example, the Newcastle-Sydney corridor if switched over to HSR as a priority, would avoid or postpone much capital expenditure on F3 and Pacific Highway expansion and/or duplication. Likewise the Canberra-Sydney corridor, if prioritised to HSR, might make a major difference to the logic of mooted plans for a second Sydney basin airport - though not necessarily in the long run substituting for such a need. As Premier O'Farrell has implied, the availability of HSR re-casts the economic equation as to where airports can be located. Ideally we should plan a system with both in mind, one where major airports all have HSR CBD links - and in some instances, even possibly Maglev lines, as per Shanghai's experiment, but perhaps with the Japanese version that they have recently committed via JR Central to spend \$120 billion on.

OTHER BENEFITS OF HSR

Without going into detail, we foresee a host of other benefits for HSR, simple examples being:





- ➔ HSR would enable better connections to be designed from scratch, from HSR hubs or transport interchanges to local suburbs - e.g. improved intra-region light rail and bus networks;
- ➔ The improved overall network would help grow jobs (just as occurred for different reasons in Silicon Valley in US) and enhance the use of telecommuting and flexible work patterns. In doing so it would also aid de-centralisation and the burgeoning growth of suburbs in the Sydney basin;
- ➔ HSR hubs or interchanges would enhance local property values, attract new residential development and thereby take pressure off land prices in Sydney;
- ➔ Enhanced local property values would give benefits for local councils through an expanded rates collection base (Nb also possibly benefit State taxes, if mooted "value-capture" mechanisms can be designed to be implemented at State level);
- ➔ We see HSR giving substantial tourism benefits and possibilities - just envisage local equivalents of Canada's Rocky Mountaineer (or Europe's Orient Express, or India's Palace on Wheels), being implemented in our most scenic existing rail corridors, such as the Hawkesbury-Gosford region, or a renewed corridor on the far North coast, past Byron Bay. As just another example, HSR from Sydney to Newcastle west, and from Newcastle's Williamtown Airport also, would put the Hunter wine region within convenient reach of incoming tourists to Australia, and such a service could be delivered in style and with time-efficiency. There are many other possibilities, depending on which routes are chosen, but one should not forget the tourist potential of the Sea Bridge area and Bulli escarpment on the Sydney-Wollongong coast, nor the Illawarra-Shoalhaven escarpment for scenic views, should an Illawarra route from Sydney to Canberra prove to be feasible;
- ➔ As the Chinese have shown, the significant implementation of HSR can bring technology transfer benefits and new manufacturing possibilities. This might mean more jobs, and higher tech ones at that, for the railway employee areas of Newcastle, Clyde-Auburn, Chullora, Eveleigh-Redfern, or even in brand new areas where such employment opportunities have not been possible before.

Moreover, as Japan's JR Central have promoted in Australia, HSR is up to 12 times more "carbon efficient" than other competing mass transportation means, and is truly "carbon light" by comparison with the alternatives. It aligns with Government commitments to reduce future projected carbon and other air pollution. There will no doubt be debate about specifics for this kind of evaluation but certainly mass passenger rail wins over air and roads, in terms of its low pollution impact.

Finally, if our major highways were tolled at commercial levels - or even if notional tolls were allocated in Government capital budgeting criteria - then the economics of rail travel would no longer be hidden from view, and it would be apparent how much we have been subsidising roads and failing to subsidise rail to that degree, at the same time. For even the remaining \$7 billion plus expenditure on the Pacific Highway is not cost-justifiable via a tolling regime over the full length, given political constraints from past segmental "no toll" decisions (as we understand the political situation), let alone its failure to recover past capital expenditures.

WHY CAN'T WE DO BETTER WITH COUNTRYLINK & RAIL GENERALLY?

Only through lack of imagination, vision and effort. We have indicated ideas to pursue for funding of Countrylink. The money will follow to anything that is a true long term economically

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beneficial project, even if there are hurdles and constraints which need to be resolved before it can. **Remember** what Bradfield achieved, **remember** what the Snowy Mountains scheme did, **remember** even how the Opera House was panned and hiccuped to conclusion and yet these are, all three, now recognised as **true national icons and achievements**. HSR could be the same, and it could rescue the Countrylink operation.

We look forward to assisting in further State endeavours if the opportunity is afforded, and we do hope that the views expressed herein are given careful, and constructive, consideration as the public transport challenges of NSW are so important to all of us.

As a special request we would like to be kept involved in discussions as the Inquiry follows through its work and the Government responds. We would be happy to be questioned on aspects of this submission, or to provide further elaboration within the constraints of our resources.

Yours faithfully

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ATTACHMENT - POINTS PREVIOUSLY CONVEYED TO MINISTER OF TRANSPORT

MODERN HIGH SPEED RAIL

BENEFITS TO NEWCASTLE/CENTRAL COAST
AND IN GENERAL BY EXTRAPOLATION TO EAST COAST CORRIDOR

Reduced commuter times, Newcastle (incl. Airport) to Sydney city
Alleviation of pressures on F3/Pacific Highway
[thereby reducing fuel/energy costs and reducing carbon production]

Contributes to reduction in air travel,
Especially once Brisbane-Newcastle-Sydney-Canberra-Melbourne completed
[thereby further reducing fuel/energy costs and further reducing carbon output]

Chance to improve intra-city rail (light rail, bus connections)
Opportunity for improved de-centralisation on Central and Mid North Coast areas

Growth of jobs and economic opportunities: especially Telecommuting, Services industry
[IT, Legal, Accountancy, Finance, other professions]

Enhanced property values {counter-balancing Sydney metropolitan land price pressures}
Part of this benefit goes to local Councils, enabling them to enhance their services

Substantial tourism and visitation benefits
[Links Hunter and Port Stephens, etc. to Sydney, Australia's major tourist arrival point]

Opens up old rail to increased freight usage (economic and direct financial benefits)

Possible technology transfer benefits (a new train manufacture industry for Newcastle)
New construction, engineering, logistics and architectural jobs

Creates new hubs around HSR stations
[Park and Ride, Transport Interchanges, Shops, Offices, Industrial/Commercial development]
Increased rates revenue for local Councils, strengthening their financial capacity

Greater infrastructure efficiency: Land corridor can be used to streamline future utility services
[Gas and water pipelines, electricity, communications cables, etc. can all share corridor]

More efficient economy overall
[We keep up with China, Korea, Taiwan, Japan and USA]
- all of whom have recently built, or plan to build, new Express rail capacity