



Association Number A03958 | ABN 64 217 302 489

AUSTRALASIAN RAILWAY ASSOCIATION SUBMISSION

To

The Australian Government

On the

2017-18 Pre-Budget Submission



THE ARA

The Australasian Railway Association (ARA) is a not-for-profit member-based association that represents rail throughout Australia and New Zealand. Our 135 members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector.

The ARA thanks the Minister for Small Business, The Hon Michael McCormack MP for the opportunity to provide this submission. For further information regarding this submission, please contact Phil Allan, Chief Operating Officer, via pallan@ara.net.au or 0401120978

THE ROLE OF RAIL

The ARA believes the Federal Government must play a more significant role in funding freight and passenger rail infrastructure throughout Australia.

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 transport modes to encourage active and engaged community-based lifestyles. Rail provides the backbone of public transport systems. Continued improvements through technology, infrastructure investment and expansion will increase the service and capacity offering while positioning rail as a viable alternative to the car.

Similarly, Australia's growing population requires a growing allocation of goods, putting increasing pressure on our freight networks to deliver. According to the National Transport Commission, the domestic freight task increased 50% in the 10 years to 2016 and is forecast to grow another 26% by 2026. In light of these figures, rail freight, as part of a whole of supply chain solution, will need to play a greater role in the future to meet Australia's freight task and to maintain our international competitiveness.

Rail freight and provides a cost-effective, safe and environmentally sound solution for short, medium and long distance movements reducing congestion from heavy vehicles on urban, regional and interstate roads.

OUR PRIORITIES

The ARA and its members believe the highest priorities for the 2017 – 2018 Federal Budget should include:

Increased funding for urban and regional rail projects

Heavy and light rail is experiencing a renaissance throughout Australian cities but this is predominantly due to State Government investment. Although the Federal Government promotes its support of public transport, the ARA urges the Federal Government to demonstrate greater support for passenger rail services by contributing more to passenger rail projects in our urban and regional centres. While the ARA recognises the Federal Government's \$95 million contribution to the Gold Coast Light Rail Stage Two and the more recent \$10 million contribution towards planning of Brisbane's Cross River Rail, many other projects are on the table.

Light rail projects, such as those in Adelaide, Canberra and the Gold Coast, will not only improve traffic flows and address urban congestion, they will also continue to promote urban renewal and help generate property value uplift. In addition to the light rail projects currently underway, a number of projects and extensions are under active consideration by governments. Ongoing financial Commonwealth support for urban light rail is needed to assist its ongoing integration into our major cities' transport systems.

Funds should be directed to major new urban rail projects (both heavy and light rail) to boost efficiency, improvements to existing lines for faster, more reliable services and extensions to existing lines to enhance urban development.

The ARA estimates that:

- one passenger train can take 525 cars on the road and is equivalent to 3.2 million vehicle kilometres annually or 1000 trips Sydney to Perth; and
- One freight train from Melbourne to Sydney replaces 110 semi-trailers travelling on the road.

Due to these (and other) broad-reaching benefits, improved rail services, both passenger and freight benefit the whole of Australia and for this reason, the ARA urges the Australian Government to increase its support for rail by investing into freight and urban rail. (See Appendix 1 for more detail)

Rail to regional areas has been shown to make regional communities more sustainable and create jobs.

Salary sacrificed public transport tickets

A practical way the Federal Government can demonstrate its commitment to positioning public transport as a viable alternate to cars is through recognising public transport tickets of all modes as a fringe benefit. This is a policy lever that the Australian Government can activate to provide employers and employees with an incentive to travel by public transport.

Building Inland Rail

The ARA commends the Federal Government for providing planning and pre-construction funding toward the project and strongly recommends an immediate commitment to funding the delivery phase of the project in the upcoming Federal Budget.

Given the advanced stage of planning works, a further financial commitment to the project will provide both the community and industry with assurance that the project will be delivered as well as allow industry to prepare for the commencement of operations. (see Appendix 2 for more detail).

Support for port shuttles

Federal funding should be directed to supporting State Governments (as is the case in Melbourne) to fund on-dock and related rail infrastructure to provide opportunities for freight to move to ports from urban intermodals. This will reduce road congestion, enhance safety and improve urban amenity.

OTHER

Supporting the Australian rail manufacturing industry

Federal funding program should be developed to support local rollingstock manufacturers and their suppliers. While understanding Australia is part of a global market, maintaining a manufacturing base can be incentivised through local content policies and development of standards for the nation. This extends to ensuring we have the people with the right skills and with appropriate training available.

Planning for high speed rail

High Speed Rail (HSR) is about the future of Australia. It is a transformative nation-building project which will benefit a large part of Australia's population living in capital cities and regional centres along the East Coast. The funding should reflect this and be drawn from a special allocation and not compete with or detract from funding for other rail or public transport investments. The ARA recommends the preservation of the corridor as a priority

Developing innovative funding mechanisms

- **Value Capture**

Innovative funding tools such as value capture mechanisms can provide a significant opportunity for the Australian Government to recoup part of its infrastructure investment, allowing further investment in infrastructure projects. This approach can apply to both urban passenger rail AND freight projects.

- **Road Pricing**

A mass-distance-location charging mechanism for heavy vehicles should be introduced along major interstate routes which compete with rail. Reform in this area is needed to underpin the efficient use and supply of land transport and to support a more productive, efficient and sustainable transport network. To support this, the ARA recommends appropriate investment by the Commonwealth to progress work being undertaken by the Federal Department of Infrastructure with jurisdictions to identify options for independent price regulation of heavy vehicle charges and to trial elements of heavy vehicle road reform.

CONCLUSION

The ARA thanks the Australian Government for the opportunity to provide this submission.

Appendix 1 Passenger Rail Projects

Incremental improvements

The value of incremental improvements must not be underestimated. Gradual infrastructure upgrades that permit speed increases of 10km/hr will vastly improve the service offering and rail's ability to compete with road. 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:** as above, improved track to improve travel times.
- **Wollongong to Sydney:** as above, improved track to improve travel times.
- **Brisbane to Cairns:** as above, 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**

Rail Extensions

The ARA highlights the following projects where rail extensions will benefit out-lying suburbs:

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

Appendix 2 Inland Rail

The Melbourne to Brisbane Inland Rail project is a nationally significant infrastructure investment.

The ARA believes this project is an important strategic investment in Australia's infrastructure capability, providing capacity to serve the east coast freight market for the next half century and beyond. The project will be a game changer for the industry and will enhance productivity and increase consumer freight chain options.

Inland Rail will be an important contributor to national productivity by reducing train operating costs and improving service standards. This project will 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 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.

The project is expected to provide improved safety and sustainability for the community with substantial economic benefits associated from reduced congestion, improved environmental sustainability, improved residential amenity and fewer heavy vehicle movements.

There will be benefits for regional Australia with better access to and from regional markets. Inland Rail will make it easier for freight to move from farms, mines and ports to national and overseas markets. 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 free up rail capacity in Australia's major cities – particularly in Sydney where bottlenecks are common as passenger trains are afforded priority over freight lines – and also reduce congestion across Australia's national highway network.

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.