

Can *Faster Rail* contribute to the Peter Knight vision for High-Speed Rail in Australia?

Peter Knight <http://www.veryfasttrain.com.au/>

Philip Norman <http://www.philipeconomist@bigpond.com>
<http://www.megarail.com.au/>

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What is *Faster Rail* ?

- https://infrastructure.gov.au/rail/trains/faster_rail/index.aspx
- \$20m in Commonwealth (DIRD) co-funding
- Competitive tender process (excellent specifications)
 - 26 initial submissions
 - 11 into second round
 - 3 successful

The *Faster Rail* Projects

The Australian Government announced on 9 March 2018 three projects that will be supported to develop business cases

- Melbourne to Greater Shepparton (High Speed Rail, HSR);
- Sydney to Newcastle (upgrading existing tracks, not HSR);
- Brisbane and regions of Moreton Bay and Sunshine Coast (not HSR)

Who is Peter Knight?

- Honours economics, University of Melbourne
- Reserve Bank of Australia
- BHP, where he reported to Mr. David Adam, an executive director, as BHP's representative on the Very Fast Train, VFT consortium (1980s)
- Peter sends his best wishes, apologises that he is unable to attend

What is the Peter Knight vision for Australia?

- A Mega-Region, not Mega-Cities
- One mega-region embracing Melbourne, Sydney, Brisbane, Adelaide, Canberra, Newcastle and new regional cities linked by HSR
- 10m people to settle outside of major cities in coming decades
- Coastal, not inland
 - New regional cities of 1-3m people

Peter's Vision cont.

- National approach to HSR
 - One overall authority
 - Not State fragmentation to repeat rail gauge mistakes
- Now not later
 - HSR should be built by 2028 as one project
- Value capture to raise most of the capital cost

Can *Faster Rail* contribute?

- Focus on value capture from land is sound economics
- Little mention of fares is also good economics
 - Keeping fares affordable maximises patronage
 - Low fares help residents in new locations, and helps the environment

Can *Faster Rail* contribute? Cont.

- Piecemeal approach wastes resources and public sympathy.
 - The opportunity cost is a reduction in prospects for a uniform quick national approach
- Coastal route is better than inland. The expansions of Newcastle and Sunshine Coast offset the Shepparton story. Residents would be more attracted to:
 - Gippsland and
 - Western Victoria on HSR towards Adelaide

Funding

- The HSR project could be financed privately with government cooperation and maybe some funds.
- Government would be responsible for infrastructure for the +10m people whether they are in the major cities built at higher cost or in the regional cities at lower cost.

Timing

- HSR should be built in 10 years
- There is no need to expand Melbourne and Sydney when new regional cities on HSR would take the excess population increase, even if the Australian population increases to 75m in 60-100 years.
- If HSR were built piece-meal over the proposed 35 years, Sydney and Melbourne would have grown to 8m before it is completed

A Mega-Region not Mega-Cities

- Government policy of mega-cities risks loss of liveability, innovation and attraction to immigrants who contribute so much.
- A mega-region reverses these risks

Other *Faster Rail* Economic Benefits – Philip Norman

- Route capacity increases with speed
 - More people moved per hour
- Labour productivity improves as labour markets deepen
 - Sub-specialisation e.g. general spinal surgeon to one spinal technique
- Fare revenue can help without distorting spatial decisions
 - Competition Economics and Law
- Portfolio of real options has economic value
- Section 92 of our Australian Constitution does add value

“China is trying to turn itself into a country of 19 super-regions” *The Economist*

“The idea is to foster the rise of mammoth urban clusters, anchored around giant hubs and containing dozens of smaller, but by no means small, nearby cities.”

“The most prosperous, the Pearl delta, is expected to cover 42,000 square kilometres, about the same size as the Netherlands.” This is only made possible by the speed of transport within the super-region in particular the bullet trains

Super-regions and bullet trains combine to yield the benefits of agglomeration without the downsides such as congestion

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