



ARA Submission

Reimagining the Visitor Economy – Discussion Paper

Reimagining the Visitor Economy Expert Panel

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The ARA

The Australasian Railway Association (ARA) is a not-for-profit member-based association that represents rail throughout Australia and New Zealand. Our members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector. We contribute to the development of industry and government policies in an effort to ensure Australia's passenger and freight transport systems are well represented and will continue to provide improved services for Australia's growing population.

The ARA and its members thank the Reimagining the Visitor Economy Expert Panel and the Australian Trade and Investment Commission (Austrade) for the opportunity to provide a submission.

Any questions regarding this submission should be directed to Simon Bourke, General Manager – Policy and Government Relations via sbourke@ara.net.au.

Australia's Rail Industry

Rail is a significant industry in Australia, creating economic activity through its operations and capital investments. It is an industry with activities across every major metropolitan and regional area and is supported by the full spectrum of skills in the Australian workforce. In 2019, the rail industry contributed around \$30 billion to the Australian economy and employed more than 165,000 workers (directly and indirectly in full-time equivalent terms, FTE). The industry is made up of around 900 businesses that are located in approximately 20 major hubs.

Australian passenger rail networks form the spine of our transport systems in cities and into our regions. Patronage numbers show that more people choose rail than other public transport options. While COVID-19 has impacted passenger numbers in the short term, demand for rail services is set to grow over time. Greater use of passenger rail provides many broad reaching benefits for our cities and Australia nationally. As an example, out to 2026, rising demand for rail services in our cities and towns is expected to take 12 million car journeys off the road, reducing road congestion, transport-related emissions and providing a safe and convenient travel option. If just two per cent more people used rail each year, it would save the community \$32 million in avoided accident costs.

New technologies such as real-time information on travel apps, digital passenger information displays and touchless technologies at the station or platform are making it even easier to catch the train, tram or light rail.

General Comments

Pre-COVID-19, tourism was one of Australia's fastest growing industries. Transport is an essential component of maintaining successful tourism and supporting tourism development. Strong transport links induce the creation of new attractions and the growth of existing ones, particularly in regional locations. Tourists need to be able to get to tourism destinations in a convenient, efficient and cost-effective manner, otherwise, the destination attractions will fail to meet their financial objectives. The ability of tourists to travel around destination regions is therefore vital for the tourism sector.

There is also a significant growth opportunity for rail tourism, with rail being the tourist attraction as opposed to rail servicing tourists by providing faster transport connections. Rail tourism can include:

- Rail journeys as tourism products, such as the Ghan on the Adelaide–Darwin railway;
- Rail providing sustainable mobility to key tourist destinations connected to mainlines, such as The Byron World First Solar Train, QLD;
- Trains in scenic areas, such as Scenic Railway in the Blue Mountains, NSW; and
- Heritage railways, such as Puffing Billing Railways, VIC and West Coast Wilderness Railway, TAS.

While rail tourism is a growth market worth developing, the ARA believes better rail connections offer the greatest opportunity to benefit the growing visitor economy and is therefore the focus of our submission.

The ARA is of the view that this process presents the opportunity for the trade and infrastructure portfolios to work collaboratively to leverage and pool state and federal government funding to invest in faster rail connections that benefit the movement of tourists and the regions that engage in tourist activities.

Better Transport Connections – Faster Rail

In February 2021, the ARA released a new report, *Faster Rail – Bringing Australia's Network up to Speed*, that explores the role faster regional rail can play in shaping Australia's future and the opportunities for Faster Rail in each state and across the national network. The report highlights the urgent need for investment in our rail network and recommends a range of actions to make Faster Rail a reality in Australia.

The report also emphasises that passenger rail goes beyond just transporting people from place to place. Rail is attractive to many types of consumers from families to retirees to short and long-distance commuters. It contributes to the sustainable development, decentralisation, diversification, and management of tourist flows.

An important distinction to make of faster rail from fast or high speed rail is the relative speeds and track and services required. Faster rail typically has speeds between 160 to 200km/hr, like the Dublin to Cork line in Ireland and is about investing in our existing networks to bring them up to speed. Fast rail speeds are typically between 200 and 250km/h, like the London to Manchester West Coast Main

Line in England and are envisioned to be new dedicated rail lines built to these speeds. Whereas high speed rail typically has speeds greater than 250km/h, like the TGV in France, and the Shinkansen in Japan and require dedicated high speed rail corridors.

Staged, incremental improvements can achieve significant change by improving the performance, safety and reliability of Australia's rail network. The experience in other countries is that small travel time reductions, combined with other improvements that provide a better customer experience, can have a significant impact on growing patronage and supporting the economies and communities of the cities they serve.

While high speed rail is an alternative to air travel, fast rail offers a proven alternative to driving. To compete with the car, the outcome must be more than faster or fast rail – travel times must be competitive with the car and services must be frequent, reliable, comfortable and safe. Ensuring rail is a viable alternative to the car will become increasingly important as populations rise, with major highway networks in some states already nearing capacity.

Faster rail could play a greater role in servicing domestic and intentional tourism, once the COVID-19 pandemic subsides. Through the enhancement of accessibility between capital cities and regional towns, faster regional rail can act as a catalyst for transformational changes in regional centres to create and contribute to locational, accessibility and lifestyle benefits, growing visitor economies. As travel time is one of the costs assumed by tourists, faster rail decreases generalised transport costs and can be a tool for tourism destination development by allowing accessibility improvement. Consequently, faster rail can affect the utility of tourists and the competition between destinations since the market area can be enlarged.

In some cases, rail could become part of the international itinerary for day trips or overnight stays to support attractions such as the Museums and Galleries in Canberra and other regional cities. In Queensland, the regional rail network provides a tourism gateway for National Parks and the Great Barrier Reef. As noted in ARA's *Faster Rail* report, 80% of Queensland Rail regional trips are for leisure to visit friends/families and/or for holidays and to attend special events.

Making Faster Rail a Reality

Governments across Australia are investing record amounts in rail infrastructure, but we are starting from a historically low investment base and are playing catch up after decades of underinvestment. Federal Government rail investment has significantly lagged behind road investment over the last two decades with the gap becoming wider in recent years. This has meant that the Australian rail network is slow by world standards and is not comparable with the door-to-door travel times of road transport but this is an opportunity that can be addressed.

To leverage existing government funding, and pool funding from across the different levels of government, the Regional Deals initiative could be utilised, which has already seen the commitment to pilot three Regional Deals in Barkly (Tennant Creek), Hinkler (Bundaberg-Hervey Bay) and Albury-Wodonga. Regional Deals have the potential to improve the productivity and liveability of a region by building on its strengths, addressing its challenges, and providing a longer-term approach to investing in regions. These regional deals offer an opportunity to bring three levels of government

together to invest in faster rail connections that enable tourists to travel around and between destination regions easily and quickly.

The ARA's Faster Rail report recommends the following three-step process for ensuring our national rail network will be able to meet Australia's transport needs, which would benefit the visitor economy:

1. Act now to deliver faster rail – Upgrade existing rail lines to deliver faster, more reliable, and more frequent services. Achieve top speeds on the network from 160km/h to 200km/h so rail travel times compete with road.
2. Establish new fast rail lines in the next five to 10 years – Build new tracks, deliver improvements to the existing network, and purchase new trains to achieve speeds from 200km/h to 250km/h.
3. Prepare for high speed rail – While high speed rail travelling more than 250km/h is a longer-term ambition, rail corridors must be secured now to minimise project costs.

Case Studies

The case studies presented below are taken from the ARA's Faster Rail report and may prove useful to demonstrate real examples of where improving rail transport connections can benefit regional communities, and thereby strengthen the visitor economy.

Regional Rail Link, Victoria

The Regional Rail Link (RRL) project in Victoria is an example where rail improvements have resulted in significant benefits to passengers and the wider region. RRL was, at time of opening in 2015, one of the largest and most expensive rail projects ever built in Victoria, with an estimated final cost of \$3.65 billion.

A key feature of RRL was that it separated regional and metropolitan train lines by providing a dedicated high-speed corridor for V/Line trains to access the inner urban areas of Melbourne from Geelong and Ballarat and providing partial separation from Bendigo. The new capacity and reduction in conflicting train movements has also provided more capacity for the metropolitan system. It transformed the rail network and created capacity for an extra 10 regional services and 23 metropolitan services during each morning and evening peak. The project included 90 kilometres of new track, two new stations, three rebuilt stations and the removal of two existing level crossings, as well as major bridge works and other infrastructure works along the route.

Twenty-nine new VLocity trains were introduced capable of operating at 160km/hr to run regional fast rail services. Regional Rail Link has contributed to an approximately 80% increase in patronage over a 10-year period from 2006.

Regional Rail Link delivered significant patronage growth to the regional network and particularly the Geelong and Ballarat corridors. The Victorian Government estimated that RRL would take

45,000 cars off the road during peak periods, save 14,000 tonnes of greenhouse gases and boost investment in the west of Melbourne by growing labour productivity increasing the gross state product by \$1.6 billion. These improvements would no doubt have positive impacts for the visitor economy, making it easier and faster to travel along these corridors for day trips and longer stays.

Montabaur and Limburg, Germany

In Germany, the new high-speed rail connection between Cologne and Frankfurt was opened in 2002 and included connections to three intermediate market towns.

Whilst including these stations was politically driven and controversial at the time, it resulted in a positive economic outcome for these towns. Two of these towns, Montabaur and Limburg, were peripheral market towns and had relatively stagnant economies. Therefore, the impact of High Speed Rail could be measured easily and it was found that both experienced an increase of 2.7% per annum in GRP in the eight years after the opening of High Speed Rail. Both towns benefited from quick access to the major cities and by political leadership that resulted in securing developable land close the high speed rail stations.

New residents were attracted to both towns, increasing the labour pool and consumer markets which ultimately led to new businesses that contributed to the towns growth. This example provides insight of how regional cities that are close to Sydney and Melbourne may be able to protect and grow their economics to take advantage of faster rail.

Manchester, UK

The progressive upgrade of the West Coast Main Line between 1998 and 2006 provides a good example of what could be achieved by a fast rail solution here in Australia.

The upgrade resulted in a 25% reduction of travel time and 33% increase in capacity between London and Manchester. This resulted in a significant reduction in air travel and a 77% increase in rail patronage between these two cities. It virtually eliminated domestic air travel between the two cities. This initiative coincided with a period of sustained growth for Greater Manchester following the bombing of the Arndale Centre in 1996. Renewal in the city centre, including the Piccadilly station precinct, has transformed the city. The improved rail connection was influential in the BBC's decision to move its headquarters to Manchester in 2011.

High Speed Rail 2 is being planned which will provide a further step change in rail connections between London and Manchester and the West Coast. The recent Oakervee Report recognises that the high speed rail solution needs to be an integrated rail response and that high speed rail cannot serve every centre. Upgrades to the rail network between Manchester and Leeds is being planned to better connect the "Northern Powerhouse" of England.

Future Opportunities

Bendigo, Victoria

Bendigo is the third largest regional town in Victoria, which is expected to grow at an annual rate of 1.9% per annum to 2036. Faster rail connections to Bendigo could help to diversify the economy, capitalising on increased visitors. Bendigo has ranked in the top 12 as an Australian hotspot attracting millennials according to the Regional Australia Institute. V/Line have already improved

services to Bendigo, and the Bendigo and Echuca Line Upgrade will deliver three new stations, modernised electric train order (ETO) system, level crossing improvements and a business case for track upgrades between Bendigo and Kyneton, which will deliver trains every 40 minutes in the off-peak.

Canberra

Canberra is an example of city that would benefit from Faster Rail. Underpinned by a strong public sector and tourism as the nation's capital, Canberra is maturing as a city with a growing knowledge and innovation sector - its economy is diversifying. The Canberra Region is already one of the fastest growing regions in Australia, with increasing pressure on Canberra's facilities and services. Faster rail connections to Sydney and ultimately to Melbourne, together with complementary policies, infrastructure and services could transform the nation's capital. A co-ordinated approach is required to realise the vision for Canberra, which involves the three levels of Government working together with the private sector.

Concluding Remarks

Ensuring a robust and growing tourism sector is more than the development of destination attractions. Strong transport connections are essential to ensure tourists can easily and quickly travel to and from attractions. Faster rail can play a greater role in servicing domestic and international tourism by improving accessibility between population centres and attractions. Experiences overseas have illustrated how faster rail and other improvements in passenger rail infrastructure benefits the visitor economy. The trade and infrastructure portfolios have an opportunity to work together to leverage and pool state and federal government funding to invest in faster rail connections that benefit the movement of tourists and the regions that engage in tourist activities.