



6 December 2019

Committee Secretariat
Standing Committee on Infrastructure, Transport and Cities
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Secretariat

Subject: Submission - Financing Faster Rail

Thank you for the opportunity to make a submission to the Standing Committee on Infrastructure, Transport and Cities' inquiry into *Options for financing faster rail*. Lake Macquarie City Council staff have prepared this submission and we would welcome any other opportunities to engage with all levels of government on bringing faster rail to the Hunter and Central Coast regions.

Public transport infrastructure, such as faster rail, can contribute economic, social and sustainability benefits to the Australian community in many different ways. Investment in large-scale catalytic public transport infrastructure can be prohibitive to deliver due to complexity and cost. It is the responsibility of all levels of government to work together to deliver affordable, realistic and timely infrastructure projects.

The Standing Committee should consider recommending that the NSW and Australian Governments commit to identifying and protecting faster rail (and very fast rail) corridors as soon as possible (ideally within this term of Parliament) to support land use planning. Governments could begin the protection process by acquiring large parcels of land along proposed corridors under single ownership. Council staff also support the development of a national framework/guide for value capture.

Background information to support these recommendations is provided at Attachment A.

Should you require further information, please feel free to contact me

Yours sincerely

Morven Cameron
Chief Executive Officer

Attachment A: A case for value capture

The cost to deliver (design, construct, operate and maintain) public transport projects can often be prohibitive. Council staff suggest that governments should be able to recoup the cost to deliver these projects through more efficient use of value capture mechanisms. Transit-Oriented Development (TOD) projects present the strongest case for value capture as they deliver high-density, mixed-used urban development projects adjacent to, or integrated with, public transport infrastructure.

In its *Innovative Funding Models for Public Transport in Australia* report, SGS Economics & Planning (on behalf of the Rail, Tram and Bus Union Australia¹) stated that 'successful TODs maximise the efficient use of land through high levels of access to public transport thereby stimulating both patronage and economic development. This maximises the economic benefits of development including tax revenues to government'.

Council staff believe the delivery of faster rail and, in particular, very fast rail will trigger TOD on a very large scale not yet seen in Australia, particularly in areas close to very fast rail stations. Stations are the connection point between the rail system and Lake Macquarie City, and very fast rail stations will expand this reach into entire regions.

For example, a TOD approach to delivering a very fast rail station in the Lower Hunter (connecting Sydney, Central Coast and Greater Newcastle via very fast rail) could support the creation of a 'second city' for the Lower Hunter and Central Coast, encompassing several business, residential, tertiary education and innovation/skills precincts. This station would act as a hub for connectivity to other cities within the Hunter and Central Coast regions.

The ability to capture the value of this growth and economic activity would greatly contribute to the cost of delivering the project.

Council staff recognise value capture is complex and needs careful consideration in order to ensure the value captured is proportional to those who benefit (both in the immediate and long term). SGS Economics & Planning prepared a *Technical paper on value capture*² for Infrastructure Australia in September 2016. Staff suggest the Standing Committee consider this technical paper as a part of its inquiry as it details several benefits and limits to value capture as well as the need for value capture reform.

¹ SGS Economics & Planning under commission by Rail, Tram and Bus Union Australia, *Innovative Funding Models for Public Transport in Australia*, September 2015. Available from: www.rbtu.org.au/innovative_funding_models [2 December 2019]

² SGS Economics & Planning under commission by Infrastructure Australia, *Technical paper on value capture*, September 2016. Available from: https://www.infrastructureaustralia.gov.au/sites/default/files/2019-06/sgs_technical_paper_on_value_capture-september_2016.pdf [2 December 2019]