



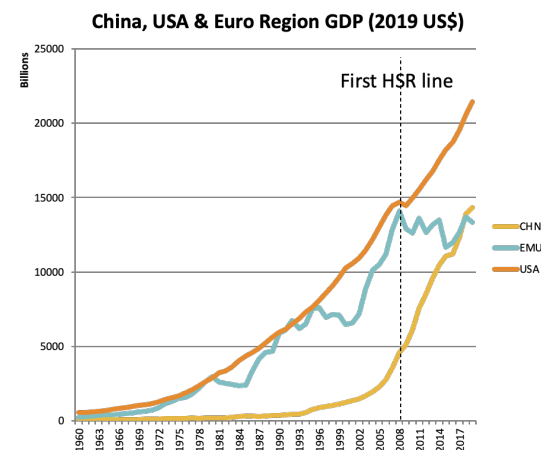
BRIEFING NOTE

Fast connectivity is essential for regional growth

China has used high speed rail to drive the economic growth of its inland regions since 2004. High speed trains shrink the travel times between cities. It allows economic activities to spread across regions, so that more developed regions can drive the development of less developed regions. The lesson is that high speed rail is essential to drive the population and economic growth of regional cities, even in Australia.

Economic growth in China

China has set the benchmark with over two decades of dramatic economic growth. Its economic reform began in 1978 when it opened a few 'special economic zones' for investment and trade with the west. Further zones were created mainly on the coast and rivers, creating a two-tier economy within China. Since 2004, China has focused on growing the economies of its more inland provinces. It has used high speed rail as a core instrument to generate dramatic regional economic growth.

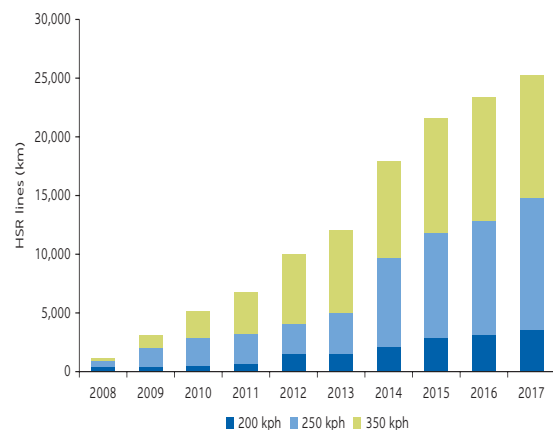


High speed rail as a lever for growth

The World Bank has supported China implement its high speed network. Six years after the first high speed line was implemented, the World Bank observed that:

- business activity in second- and third-tier cities on high speed rail lines had grown substantially;
- there was more business-related travel on high speed lines, indicating that jobs had moved to different cities; and
- there was a rapid increase in tourism to major attractions on the high speed lines.

Length of China's high-speed rail network, 2008-17



Driving regional development

High speed trains shrink the travel times between cities. It allows economic activities to spread across regions, so that more developed regions can drive the development of less developed regions.

High speed rail does this in two ways:

1. First it stimulates complementarity between cities, which means that companies in more

developed cities can devolve functions to less developed cities, which improves the overall efficiency of the company.

2. Second, high speed trains allow companies in the secondary cities to grow their business through better connections into national and international supply chains and innovation networks.



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The benefits have now been confirmed by economic studies published in the last few years. In particular these studies confirm that economic growth is higher along high speed lines, with

Conclusion

China shows that regional cities will grow faster on high speed lines. It allows businesses to relocate some or all of their operations to other cities. It encourages people to move to regional cities for better jobs and lifestyle. And it enables tourists to get to attractions that were previously out of their reach. In addition, high speed connections allows cities to concentrate their skills and resources, but still work with other cities to establish a stronger regional economy for the benefit of everyone.

What can Australia learn from China?

First, if we want our regional cities to grow, then we must connect them with high speed rail. This is because connection times of less than about 90 mins are needed to support the activity between cities that drives business growth and population mobility. Speeds over 200 kilometres per hour are needed to get these travel times for Australian regional cities, which are typically more than 150 kilometres from capital cities and each other.



greater impact in less developed regions. The high speed network has regenerated and redistributed economic activities by slashing travel times between regional cities.

Second, if a high speed rail line is built, then the regional cities on it will grow faster. China shows that, with the right policies, businesses and people will move to regional cities on a high speed line. And the analysis by NIEIR covered in our previous presentation shows that the growth will generate a net increase in the Australian economy, sufficient to justify the investment in the high speed line.

So, the conclusion is that high speed rail is essential for the regionalisation of Australia. Therefore we must have a long term vision and plan for it.

For more information

Please go to <https://www.fastrackaustralia.net/>