

Unlocking policy gridlock can deliver multi-billion dollar benefits for Australia

An Australian-first review will aim to unlock the continuing policy constraints holding back the efficiency of the nation's rail freight industry.

The review, headed by former Deputy Prime Minister John Anderson, ***Establishing an efficient freight transport network for Australia***, was launched today in Sydney.

Rail freight transport and logistics perform a vital role in supporting more than \$350 billion in resources and agricultural exports each year.

Mr Anderson said the review came at a pivotal time for the Australian economy, with the rail industry having enormous potential to deliver for both business and the community.

“At a time of significant rail infrastructure funding – including Inland Rail – impediments to the utilisation of rail freight are costly for the Australian economy and the community. Rail freight offers substantial benefits that include:

- Environment: Road freight produces 16 times more carbon pollution than rail freight per tonne kilometre.
- Safety: Rail transport is a far safer mode of transport than road, with the freight volume carried by one freight train equivalent to the volume carried by 150 semi-trailer trucks. Over the course of a year, the freight task carried by one train removes the need for thousands of truck journeys on our roads reducing congestion and enhancing safety outcomes.
- Productivity: Significant economic and productivity gains are achievable where there are large volumes of freight and/or where the freight is carried over longer distances.

“Despite these clear benefits, on major freight corridors across Australia there continues to be a shift of freight from rail to road.

“Are we going to capitalise on the next cycle of post-COVID economic growth with efficient supply chains that add great value to Australian industry and exports? Or are we going to languish with policy settings that fail to harness the opportunities that rail freight provides?”

“What is required is an evidence-based assessment of the key impediments to rail and identifying practical policy changes that improve the productivity of rail freight and allow the industry to bring more freight onto rail where rail offers safety, economic and environmental benefits for customers and for the community.”

Key issues the Review will consider include:

- Factors affecting the current mode share of rail freight on key corridors.
- The role of infrastructure provision and investment.
- Addressing how heavy vehicles pay far lower infrastructure usage charges creating an uneven playing field.
- Opportunities to efficiently meet the current and emerging requirements of Australian industries that rely on freight supply chains to transport products to markets in Australia and to export markets.

The Review is being jointly funded by the Freight on Rail Group of Australia (FORG); the Australasian Railway Association (ARA) and the Federal Department of Infrastructure, Transport, Regional Development and Communications.

The study will be undertaken by specialist economic advisory firm, Synergies Economic Consulting together with the Australasian Centre for Rail Innovation (ACRI).

The review is expected to be published in Q3 2022.

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Chairman of FORG and CEO of Aurizon, Andrew Harding welcomed the review.

“Rail has enormous potential to unlock economic growth opportunities for Australia,” Mr Harding said.

“This review is an important step in highlighting the benefits of rail and to help level the playing field with road policy. If we get this right, we can grow the rail industry and open up new markets and job opportunities across regional and rural Australia.”

CEO of the Australasian Railway Association, Caroline Wilkie, also welcomed the review and the collaboration between industry and government.

“By working together we can help identify and fix the policy roadblocks impeding the growth of the rail freight sector in Australia,” Ms Wilkie said.

Managing Director and CEO of Pacific National, Mr Paul Scurrah said ACRI’s review into rail freight productivity is timely for a number of critical reasons, notably the need to enhance efficiency of national supply chain operations as part of Australia’s economic recovery from the coronavirus pandemic.

“Additionally, hauling larger volumes of freight by rail delivers a host of environmental and societal benefits, including reduced traffic congestion, safer roads resulting in fewer accidents and fatalities and lower carbon emissions.

CEO and Managing Director of the Australian Rail Track Corporation, Mr Mark Campbell said as Australia rebounds from the pandemic, the importance of reliable, efficient and sustainable supply chains will be critical.

“Ensuring we have the right settings in place to move freight to market will be vital for Australia’s long-term competitiveness. Rail plays such an important part in the supply chain network and this review will assist in determining the right settings moving forward,” Mr Campbell said.

Freight on Rail Group of Australia (FORG)

FORG consists of Australia’s nine major rail freight businesses: Pacific National, Australian Rail Track Corporation (ARTC), One Rail Australia, Aurizon, Qube Holdings, SCT Logistics, Arc Infrastructure, Watco Australia and Southern Shorthaul Railroad (SSR). These rail freight companies contribute more than \$11 billion to the nation’s economy each year, employ almost 20,000 Australians (many based in the regions), operate in every Australian state and territory (except Tasmania), use 1,600 locomotives and 34,000 wagons serviced and maintained in Australia, and manage and operate 23,000 kilometres of critical rail track connecting the country.

Australasian Railway Association (ARA)

The ARA is the peak body for the rail sector in Australia and New Zealand, and advocates for more than 170 member organisations across the rail industry. It is overseeing a comprehensive advocacy program to support the industry’s growth and success, with its activities spanning issues relevant to passenger and freight rail, contracting and the broader rail supply chain.

The ARA is leading an extensive rail freight and heavy haul agenda, launching its Rail Freight Action Plan in 2021. Under the plan, the ARA is working with members, the wider industry and government stakeholders to support greater use of rail and address the key challenges and opportunities facing the freight sector.

The ARA also established a new Heavy Haul Executive Committee in 2021 to support the unique needs of heavy haul operators in Australia and New Zealand. The Committee will oversee a dedicated strategy to advance the issues of importance to the heavy haul sector in 2022.