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Keeping Australia moving

Australasian Railway Association

Why Australia needs a strong rail freight sector

Australia must move more freight on rail to meet growing demand. Yet, in contestable markets, rail's modal share has fallen in recent decades.

Urgent action

is needed to make sure the national freight network is able to meet Australia's future needs.

Greater use of rail

will drive safety and sustainability benefits and ensure we can make the best use of all freight modes to support a productive and resilient supply chain.

The benefits of rail freight

Productivity

Rail carries high volumes over long distances, reducing pressure on congested roads and preventing the need for costly road upgrades

Resilience

Rail offers an alternative when roads, ports or supply chains are disrupted

Safer communities

Fewer long-haul truck movements can reduce crash exposure, congestion, noise and road wear

Decarbonisation and fuel security

Rail uses substantially less fuel and generates 16 times less carbon pollution compared to road

Regional growth

Rail connects producers, miners, manufacturers and ports, supporting investment and jobs across regional Australia

The contestable freight challenge

Businesses choose freight options based on the complete door-to-door offer, considering price, reliability, transit time, service frequency and simplicity. Rail has been disadvantaged by policy settings that make it harder to compete on these measures. Policy reforms and investment can change mode choice and improve outcomes across the national freight network.

CHALLENGE 1

Uneven competition

WHAT IT MEANS

Road and rail infrastructure are funded, priced and assessed differently. Road charges do not consider all network and external costs in the same way that rail charges do.

WHAT NEEDS TO CHANGE

Modernise heavy-vehicle charging and assess investment across modes on a consistent, whole-of-system basis.

CHALLENGE 2

Unreliable networks

WHAT IT MEANS

Speed restrictions, ageing assets, climate events and limited redundancy weaken customer confidence.

WHAT NEEDS TO CHANGE

Fund a long-term, corridor-based infrastructure pipeline focused on reliability, resilience, capacity and recovery.

CHALLENGE 3

Unusable paths

WHAT IT MEANS

Access can be undermined by passenger priority, possessions, unsuitable times and poor coordination between networks and terminals.

WHAT NEEDS TO CHANGE

Protect commercially usable end-to-end freight paths and measure performance, not just theoretical capacity.

CHALLENGE 4

Fragmented rules

WHAT IT MEANS

Different operating rules, approvals, digital systems and interfaces add cost and slow innovation.

WHAT NEEDS TO CHANGE

Drive national interoperability, mutual recognition and coordinated digital investment.

CHALLENGE 5

Terminal and land constraints

WHAT IT MEANS

Poorly connected terminals and loss of freight land increase first- and last-kilometre costs.

WHAT NEEDS TO CHANGE

Protect corridors and precincts and support efficient, non-discriminatory open-access terminals.

CHALLENGE 6

Short-term policy settings

WHAT IT MEANS

Pilot incentives can help, but do not give customers and investors enduring certainty.

WHAT NEEDS TO CHANGE

Create a permanent, targeted modeshift mechanism while structural reforms are delivered.

It is time to level the playing field to make the most of all modes

Businesses should be able to choose the best mode for every freight task. This requires road and rail to be subject to comparable policy settings and investment tests. Heavy vehicle charging, road spending, rail access charges and project appraisals should recognise infrastructure use and wider costs such as crashes, congestion, emissions and road maintenance. Transitional incentives can support additional mode shift, but should be tied to verifiable outcomes and sit alongside lasting reform.

Investment must improve the service customers buy

Australia needs a nationally prioritised rail freight investment pipeline with recurrent funding that goes beyond budget cycles. The Melbourne–Sydney– Brisbane corridor, east–west routes, northern Queensland and productive regional networks should be prioritised, with a focus on improving reliability, transit time, resilience, capacity and end-to-end cost.

Invest before declining mode share is embedded

When customers restructure their supply chains around road, rail volumes and revenue fall, weakening the case for maintenance and renewal. This leads to a further deterioration in rail freight's service offering. Timely investment protects both public assets, previous investment and private confidence.

Inland Rail must remain a national priority

Inland Rail is central to a competitive Melbourne–Brisbane freight network. The Australian Government is prioritising completion of Beveridge to Parkes by the end of 2027 and is preserving the corridor and terminal options north of Parkes. Any construction pause north of Parkes should be short, purposeful and governed by a clear pathway to the next stage to prevent an indefinite retreat from the national objective.

Why Inland Rail must be completed to Brisbane

- **The full productivity and modal-shift opportunity depends on the full Melbourne-Brisbane connection being completed.**
- **Delay can destroy future options. Unprotected corridors, expiring approvals, fragmented land and lost terminal sites make later delivery slower and more expensive.**
- **Industry needs investment certainty in order to make long-term decisions about rollingstock, facilities and supply chains.**
- **A staged approach can still make progress. Planning, design, corridor preservation, terminal protection, demand validation and stand-alone enabling works should continue during the pause.**

ARA recommendations

Governments and oppositions must adopt a national policy framework for mode shift to support greater use of rail freight.

Key recommendations

1. **Set a national outcome**
   Commit to measurable growth in rail's share on identified contestable corridors, with corridor baselines, targets and public reporting.

2. **Create national leadership**
   Establish a rail freight coordination function reporting to transport ministers, with authority to align investment, access, interoperability and implementation across jurisdictions.

3. **Restore competitive neutrality**
   Progress transparent heavy-vehicle road-user charging reform that consistently values safety, congestion, emissions, resilience and road maintenance. Avoid policies that unintentionally shift freight from rail to road.

4. **Make mode-shift support enduring**
   Build on the Transport Resilience and Capacity Kickstart (TRACK) Program to create a permanent, technology-neutral mechanism linked to verified additional freight moved from road to rail.

5. **Invest for performance**
   Publish and fund a corridor-based investment pipeline including Inland Rail, metropolitan interfaces, intermodal terminals, climate resilience, telecommunications and regional network priorities.

6. **Protect freight access and land**
   Embed commercially usable freight paths, coordinated possessions, terminal slots, open access, and corridor and precinct protection in funding and planning agreements.

7. **Make the system seamless**
   Accelerate the adoption of harmonised operating rules, rollingstock approvals, data definitions and digital systems while preserving safety and freight capacity.

About the Australasian Railway Association

The ARA is the peak body for the rail industry in Australia and New Zealand.

We proudly represent more than 240 member organisations with a shared vision to foster collaboration and create opportunities to support a thriving rail industry enabling economic growth and driving sustainability. Our members include listed and private companies, government agencies, franchisees, universities, research bodies, sole traders, preservation railways, associations and unions.

They cover all aspects of rail including:

- The passenger and freight operators that keep essential rail services moving;
- The track owners, managers and contractors that deliver a safe and efficient rail infrastructure network;
- The suppliers, manufacturers and consultants that drive innovation, productivity and efficiency in the industry.

For further information please contact

Sebastian Zwalf
Head of Policy & Advocacy on
szwalf@ara.net.au or +61 411 306 607