

Commissioners Stockie and Sterland
The Productivity Commission
ncp@pc.gov.au

16 January 2026

Dear Commissioners Stockie and Sterland

RE: Inquiry into the impacts of heavy vehicle reform

The Australasian Railway Association (ARA) welcomes the Productivity Commission's request for submissions on the revenue and economic impact of a package of five heavy vehicle reforms. The Productivity Commission has also been requested to consider the impacts on relevant industries and sectors.

Heavy vehicles and freight trains comprise the land transport component of the national freight and supply chain. These modes can be complementary, with road transport providing local pick-up and delivery (PUD) to and from the rail terminal as an efficient last-mile solution. However, heavy vehicle transport has become increasingly competitive in the intermodal freight market over several decades for transporting freight over the entire journey. As it stands today, the heavy vehicle sector completely dominates the intermodal freight market, with rail largely limited to the bulk and heavy haul sectors. As such the proposed reforms, which will further improve the productivity of heavy vehicles, will have impacts on the continued sustainability and viability of intermodal rail freight.

Road freight has benefitted from years of policy and regulatory reforms and infrastructure investment from the Australian Government, as well as the states and territories. In the ten years to 2024, Australia's truck fleet grew 31 per cent and became significantly heavier. Vehicles over 40t gross combination mass (GCM) rose from 57 per cent to 71 per cent; trucks with GCM >100t more than doubled. Rail freight has not been the recipient of a similar focus and as such productivity has stagnated resulting in a significant modal shift away from rail. Consequently, the rail freight industry is now experiencing a contraction in competition and is facing structural decline.

This structural decline has significant implications for the Australian economy and communities. By 2050 moving the estimated 964 billion tonne kilometres of domestic freight using only quad axle B double trucks would require approximately 1,733,333 truck trips if each truck travelled exactly 1,000 kilometres. With a population of approximately 35 million, one quarter of who will be over the age of 65 by 2050, our mammoth freight task can not be delivered by trucks alone. Rail freight is essential.

Some of the other unintended consequences of the latest tranche of heavy vehicle reforms for the rail freight sector are outlined in the attached submission. Competitive neutrality in the land freight industry is a current area of focus of the ARA and we hope to be in a position to provide you with further input during the course of your inquiry.

If you wish to discuss our submission in more detail or have any questions please contact Roz Chivers.

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