



## Freight rates in Australia 1964–65 to 2007–08

Freight rates are a key factor influencing freight mode choice, and directly impact the costs of freight-reliant business sectors, such as mining, construction, retail and wholesale trade. As a business input cost, they affect the profitability of Australian industry.

This Information Sheet provides indexed trends in average interstate non-bulk freight rates, from 1964–65 to 2007–08, updating the freight rate indexes previously published in *Freight Rates in Australia*, Information Sheet 19 (BTRE 2002). The estimates show that, following generally declining real freight rates over the previous two decades, real freight rates for road, rail and long-distance coastal shipping have risen since 2000–01 (Table 1 provides nominal and real indexed freight rate series and Figures 1 to 4 illustrate indexed trends in real freight rates). Recent increases in crude oil prices, and flow through to diesel fuel prices, have been an important contributing factor in recent freight rate increases for road, rail and coastal shipping.

Road and rail are the predominant interstate non-bulk freight transport modes. Over the two decades from 1980–81 to 2000–01 real road and rail freight rates declined by 22 and 39 per cent, respectively, relative to average consumer prices. Over the seven years since 2000–01, real road and rail freight rates have increased by 9 per cent and 5 per cent, respectively.

The recent increase in real road rates largely reflects increased diesel fuel prices. Real retail diesel fuel prices increased by 38 per cent in the five years to 2007–08. By comparison, other road freight input costs have increased by far less, e.g. capital costs increased by 12.3 per cent. Figure 1 displays real road freight rate indexes, and indexed real retail diesel prices since 2002.

Real average non-bulk rail freight rates have increased slightly since 2003–04 (Figure 2), coincident with increased fuel costs.

Average non-bulk coastal shipping freight rates for east-west coastal trade have also increased in real terms since 2003–04 (Figure 3). More recently (May 2008), shipping companies have introduced fuel surcharges of up to 10 per cent. Real average non-bulk Tasmanian coastal shipping rates do not show any clear trend since 2000–01.

Average air freight rates have fluctuated since 2000–01, initially increasing and subsequently decreasing, such that real air freight rates in 2007–08 are at similar levels to 2000–01 (Figure 4).

The recent increases in freight transport costs will have increased costs for relatively freight-intensive industries, partially reversing historic cost reductions arising from productivity enhancements such as the introduction of larger road freight vehicles (B-doubles), more efficient engine technology, and scale effects from longer trains and more efficient locomotives.

**Figure 1 Real road freight rate index and retail diesel fuel price index**



Note: The basis of the road rates is full container load (FCL) door-to-door (that is, includes local pick-up and delivery). Road rates do not allow for truck under-utilisation including empty running. Where significant empty running would result in higher rates.

Sources: Bureau of Transport and Regional Economics (2002), Australian Bureau of Statistics (2008a), Transeco (2008), Australian Automobile Association.

**Figure 2 Real rail freight rate index**



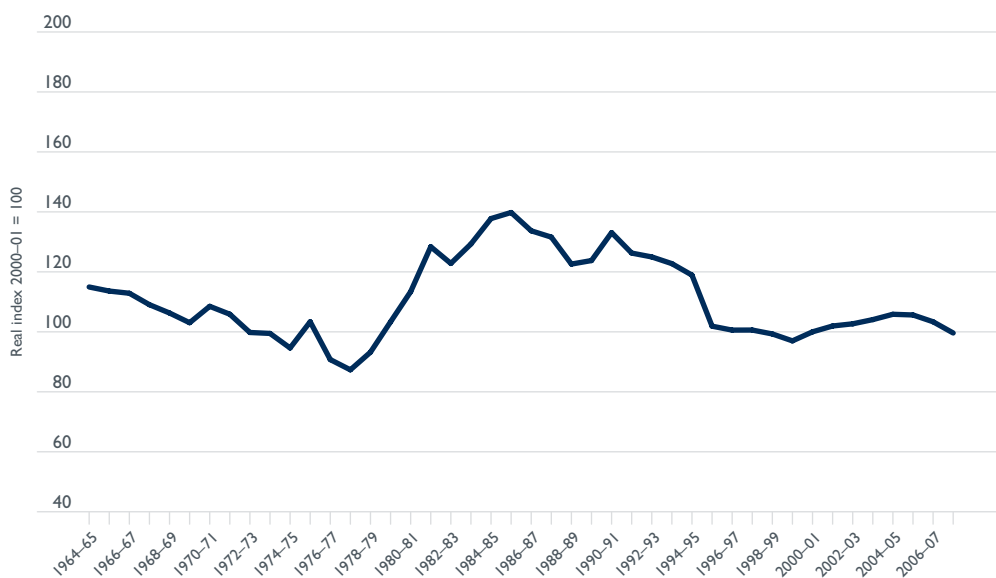
Note: The basis of the rail freight rates are full container load (FCL) terminal-to-terminal (that is, rates excludes local pick-up and delivery).  
 Sources: Bureau of Transport and Regional Economics (2002), Australian Bureau of Statistics (2008a, 2000b).

**Figure 3 Real shipping freight rate index**



Note: The basis of the shipping freight rates is full container load (FCL) wharf-to-wharf (that is, excludes local pick-up and delivery). Rates for Tasmanian non-bulk shipping are weighted by route.  
 Sources: Bureau of Transport and Regional Economics (2002), Australian Bureau of Statistics (2008a, 2000b), Tasmanian Freight Equalisation Scheme database.

Figure 4 Real air freight rate index



Note: The basis of the rates for air freight is door-to-door (that is, includes local pick-up and delivery).

Sources: Bureau of Transport and Regional Economics (2002), Australian Bureau of Statistics (2008a), Sinclair Knight Merz (2008).

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Table 1 Nominal and real interstate non-bulk freight rates

Year	Nominal rates				Real rates						
	Air	Road	Rail	Shipping (Tasmania)	Shipping (Perth)	CPI	Air	Road	Rail	Shipping (Tasmania)	Shipping (Perth) (1989–90 = 105)
	(cents per net tonne kilometre)					(2000–01 = 100)					
1964–65	14.36	1.17	0.93	0.88		11.18	114.95	184.42	304.14	62.67	
1965–66	14.71	1.17	0.97	0.91		11.59	113.59	178.91	305.03	62.55	
1966–67	15.00	1.22	1.00	0.97		11.90	112.86	180.85	304.64	65.26	
1967–68	15.00	1.27	1.00	1.02		12.31	109.05	182.09	296.03	65.76	
1968–69	15.00	1.33	1.02	1.05		12.63	106.27	185.59	294.87	66.24	
1969–70	15.00	1.36	1.05	1.13		13.03	103.04	183.90	291.94	69.30	
1970–71	16.51	1.44	1.11	1.25		13.62	108.51	186.38	296.34	73.30	
1971–72	17.23	1.51	1.15	1.33		14.56	105.87	183.13	286.72	73.07	
1972–73	17.23	1.62	1.12	1.47		15.45	99.78	185.10	263.94	75.99	
1973–74	19.38	1.77	1.15	1.59		17.44	99.47	179.54	239.72	72.83	
1974–75	21.53	2.00	1.29	1.76		20.37	94.62	173.31	231.01	68.83	
1975–76	26.56	2.18	1.54	2.44		23.00	103.35	167.50	243.14	84.57	
1976–77	26.56	2.35	1.73	3.81		26.20	90.74	158.37	240.33	116.07	
1977–78	27.99	2.46	2.07	4.57		28.69	87.33	151.79	262.31	126.88	
1978–79	32.30	2.58	2.15	4.97		31.02	93.20	147.05	252.12	127.67	
1979–80	39.48	2.61	2.34	6.16		34.20	103.33	134.88	249.05	143.69	
1980–81	47.37	2.69	2.61	7.25		37.39	113.40	127.15	254.13	154.69	
1981–82	59.22	2.85	2.88	8.55		41.29	128.37	122.02	254.01	165.13	
1982–83	63.17	3.04	3.02	9.56		46.04	122.81	116.71	238.63	165.51	
1983–84	71.06	3.10	3.25	9.76		49.20	129.29	111.58	240.46	158.17	
1984–85	78.96	3.22	3.41	9.76		51.30	137.77	111.03	241.74	151.71	
1985–86	86.85	3.38	3.35	9.72		55.61	139.80	107.51	219.30	139.33	
1986–87	90.80	3.74	3.46	9.64		60.79	133.69	108.80	207.33	126.40	
1987–88	95.93	3.96	3.30	10.08		65.25	131.59	107.42	184.26	123.15	
1988–89	95.93	4.19	3.53	10.24		70.04	122.60	105.67	183.12	116.61	
1989–90	104.62	4.46	3.48	10.05	2.54	75.66	123.77	104.20	167.55	105.93	105.00
1990–91	118.44	4.69	3.53	10.94	2.54	79.65	133.09	104.06	161.45	109.53	101.53
1991–92	114.49	4.86	3.42	10.80	2.47	81.16	126.26	105.85	153.10	106.14	97.54
1992–93	114.49	4.94	3.24	10.71	2.45	81.99	124.98	106.44	143.72	104.16	94.98
1993–94	114.49	5.07	3.18	10.98	2.39	83.49	122.74	107.45	138.76	104.85	91.07
1994–95	114.49	5.11	2.89	11.11	2.35	86.17	118.92	104.82	121.85	102.81	85.69
1995–96	102.25	5.15	2.81	11.11	2.30	89.82	101.89	101.34	114.01	98.62	81.35
1996–97	102.25	5.21	2.78	12.34	2.24	91.00	100.57	101.13	111.08	108.16	78.96
1997–98	102.25	5.27	2.73	13.24	2.18	90.98	100.60	102.35	109.35	116.01	76.34
1998–99	102.25	5.33	2.76	11.90	2.13	92.17	99.29	102.25	109.01	102.91	73.80
1999–00	102.25	5.48	2.84	11.81	2.08	94.36	96.99	102.66	109.48	99.75	69.84
2000–01	111.73	5.66	2.75	12.54	2.08	100.00	100.00	100.00	100.00	100.00	65.87
2001–02	117.15	5.72	2.81	11.62	2.15	102.86	101.95	98.35	99.50	90.11	66.10
2002–03	121.63	5.93	2.90	12.63	2.21	106.03	102.67	98.91	99.48	94.95	66.01
2003–04	126.19	6.04	2.99	14.05	2.30	108.53	104.07	98.46	100.39	103.25	67.02
2004–05	131.48	6.58	3.10	13.53	2.37	111.18	105.85	104.62	101.47	97.07	67.38
2005–06	135.39	6.98	3.24	13.11	2.22	114.73	105.62	107.62	102.81	91.10	61.33
2006–07	136.35	7.10	3.41	14.81	2.45	118.08	103.35	106.23	104.96	100.01	65.71
2007–08	135.88	7.53	3.52	14.77	2.80	122.09	99.61	109.01	105.04	96.49	72.68

Notes: Basis of rates is: Air door-to-door; Shipping FCL wharf-to-wharf, Road FCL door-to-door; Rail FCL terminal-to-terminal. Rail and shipping rates exclude pick-up and delivery, whereas road and air include pick-up and delivery.

Sources: Bureau of Transport and Regional Economics (2002), Australian Bureau of Statistics (2008), Sinclair Knight Merz (2008), Transec (2008).

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