

**PROJECTS**

## Review of National Local Content Policy for Rail

Analysing the benefits of harmonising standards and developing a national approach to local content in the rail sector

**LOCATION**

Sydney

**CLIENT**

Australasian Railway Association

PUBLIC POLICY

ECONOMIC IMPACT

### Background

Australian states currently use a variety of policy approaches for the procurement of passenger trains and related infrastructure and services. This ranges from states such as New South Wales, which emphasises value for money and competition, to states such as Victoria which require a construction project to have at least 90% local content. States vary significantly in their local content requirements, including differences in how local content is defined and how local content percentages are calculated.

This lack of harmonisation across state borders introduces inefficiencies into the Australian rail market, increasing costs and inhibiting investment and competition. Differences between states prevent the development of a national manufacturing operation for Australian rail, and so preclude the opportunity to benefit from economies of scale.

Massive investment is underway in Australian rail, with \$ 15 billion of projects planned over the next 15 years for new construction and the replacement of ageing rollingstock. A National Local Content Policy would increase the impact of this investment and help to grow the Australian rail industry in the longer term.

### Our role

NineSquared was engaged by the Australasian Railway Association to undertake a review of current state-based local content policies, and to analyse the benefits to government and industry of establishing a National Local Content Policy for the Australian rail industry. The assessment consisted of:

A review of existing local content policies and procurement approaches for each state.

Engaging with around 30 different stakeholder organisations from across industry and government, to better understand the implications of these policy settings.

Using feedback received in consultations, to identify common themes and issues and then analyse the causes behind these.

Proposal of solutions and actions to address these issues and identifying opportunities to improve existing policy.

Identifying which processes and governance arrangements would allow for the implementation of proposed solutions and assessment of the impacts and benefits.

## Results

Based on feedback from stakeholders received through consultations, NineSquared provided recommendations on steps towards a National Local Content Policy. These recognised the inherent challenges involved in developing a harmonised approach, in the face of state-based procurement practices, political constraints, and physical differences between states' rail infrastructure. Key recommendations included:

Harmonising the definition of local content between states, and regulatory requirements where possible.

Incentivising more strategic and longer-term approaches to procurement, as opposed to prioritisation of short-term state-level benefits.

Increased transparency of tender, audit and compliance processes.

The findings and recommendations from this project were ultimately presented to the Harmonisation Committee established as part of the National Rail Action Plan.

[Read the media release from the Australasian Railway Association.](#)

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### FOR FURTHER INFORMATION

For more information, find one of our experts at [ninesquared.com.au/people](https://ninesquared.com.au/people)