



HEAVY VEHICLE CHARGES CONSULTATION REPORT FOR 2026-27

AUSTRALIAN TRUCKING ASSOCIATION SUBMISSION 12 DECEMBER 2025

1. About the Australian Trucking Association

The Australian Trucking Association is a united voice for our members on trucking issues of national importance. Together, with our 11 member industry associations, we represent the 60,000 businesses and 200,000 people who make up the Australian trucking industry.

2. Summary

In May 2023, transport ministers agreed that the road user charge on fuel and the roads component of registration charges would increase 6 per cent per year in 2023-24, 2024-25 and 2025-26.

Their intention was that the new model for determining charges, known as the Forward Looking Cost Base (FLCB), would be used to help determine charges from 2026-27.

The FLCB charging model is still being developed. Although the NTC has consulted with industry about the detail of the model, it will not be able to release a consultation RIA until early 2026 – too late to use it to develop charges for 2026-27.

On 11 August 2025 ministers agreed to consult on a 6 per cent increase in heavy vehicle charges for 2026-27.

The ATA recommends an increase of no more than 4 per cent for 2026-27.

The ATA also makes several recommendations concerning supply side reforms and delivery of a regulatory environment that facilitates safe operations, fair competition and continuous innovation.

3. Heavy vehicle charges for 2026-27

3.1 Context of the Charging Decision

The ATA has long supported fair cost recovery of heavy vehicle related road expenditure via the PAYGO model.

However, in 2014, the NTC discovered flaws in the PAYGO model and recommended that ministers decrease registration charges by 6.3 per cent and the fuel levy by 1.14 cent per litre (cpl) from 1 July 2014.

Instead, Ministers agreed to delay implementation of corrected charging methodology until 1 July 2016. In November 2015, Transport Ministers again agreed to continue over charging, eventually indexing charges until it was anticipated that expenditure would approximate revenue. At the time, these decisions cost the heavy vehicle sector around \$900m in excess charges over 4 years.

According to PAYGO, heavy vehicle related expenditure now significantly exceeds revenue collection. Charges would need to increase by 19 per cent in 2026-27 to address this disparity – level that would be unfair and ruinous to transport operators.

It is important to appreciate that it was once again poor government decision making in setting charges that has led to this situation.

Instead of increasing charges by a fair and reasonable amount when projections indicated that expenditure would catch up to revenue, governments delayed a decision and then froze charges for a period during, and in the wake of, the COVID pandemic.

Thus, over the past decade, governments have both failed to decrease charges when it was fair to do so, and then failed to lift them again in manageable increments when it was prudent to do so.

For its part, to balance the ledger, the trucking industry has accepted three successive 6 per cent charging increases in 2023-24, 2024-25 and 2025-26 – or a compounded increase of 19 per cent over just three years.

As outlined below, the trucking industry is simply unable to absorb a fourth successive 6 per cent increase in 2026-27.

3.2 Industry Operating Conditions

Australia's trucking industry is operating under intense financial pressure. The combined impact of past charging decisions, persistent workforce shortages, inflation, interest rate increases, natural disasters and the rapid emergence of sham contracting produced an industry in crisis, illustrated by a record level of insolvencies in 2025.

Government heavy vehicle charges have increased by a compounding 19 per cent in just three years.

Inflation has significantly driven up business inputs including fuel, electricity, labour, repairs, insurance and workers compensation. Recent official data suggests that inflation is still not yet under control.

The RBA has responded by lifting interest rates, further impacting trucking operators who use finance arrangements to manage large and ongoing capital investments in their businesses.

Concurrently, a persistent and severe driver shortage continues to restrict capacity, with more than 28,000 truck-driver positions unfilled and nearly half of freight businesses reporting major recruitment difficulties¹.

Natural disasters, including repeated flooding, and increasingly severe weather patterns, have disrupted operations, damaging infrastructure, delaying freight movements and adding to maintenance and downtime costs.²

And the unfortunate reality is that trucking businesses often can't pass on these cost increases. A 2023 industry-wide survey found only 34% of trucking businesses could pass on increased fuel costs; and even then, price increases rarely exceeded CPI. The median profit margin industry-wide was just over 2%, with the bottom 25% facing zero or negative margins³.

Perhaps unsurprisingly when faced with such acute financial pressures, there has been an explosion of sham contracting arrangements across the trucking industry. Businesses are circumventing expensive labour laws by engaging drivers, who supply no more than their labour, as independent contractors, via an ABN.

While illegal, there is no active enforcement to discourage the arrangement. By not paying award rates, allowances, superannuation, payroll tax and insurance, businesses using sham contracting arrangements can reduce labour costs by 30-40 per cent. The ABN driver may also avoid paying the correct rate of income tax.

The bottom line is that safe and compliant trucking operators who are investing in safe work systems and paying staff fairly are bearing the brunt of this extreme operating pressure⁴. Many different trucking sectors are feeling this pressure, as diverse as inter-capital general freight, refrigerated / storage and rural carriers moving our food and fibre via long low-margin trips on lower standard roads.

¹ A ticking time bomb. Australian Broadcasting Corporation. <https://www.abc.net.au/news/rural/2025-05-08/declining-young-truckie-rates-prompt-calls-for-intervention/105262334>

² Freight Sector Under Strain as Transport Insolvencies Surge. Fleet HV News. November 29 2025. <https://fleethvnews.com.au/freight-sector-under-strain-as-transport-insolvencies-surge/>

³ Australian Trucking Association (ATA) 2024–25 pre-budget submission and “Trucking Australia: The Report (2023)

⁴ NatRoad exposes systemic illegal practices destroying Australian trucking industry. NatRoad. November 5 2025. <https://www.natroad.com.au/natroad-exposes-systemic-illegal-practices-destroying-australian-trucking-industry/>

Shockingly, in the 12 months to November 2025, the sector closure rate was 8.46 per cent – or 1 in every 12 road transport businesses⁵. This is a 40 per cent increase compared with the previous year and an unacceptable situation for an industry that underpins our domestic and export economies, and that is essential for every day Australian life.

In fact, given that practically all goods and services have an embedded freight cost, and that three truckloads of freight is moved annually for every Australian, we can ill-afford to place further unnecessary financial pressure on the trucking sector, especially during a cost of living crisis being felt by all Australians.

3.3 Moving to a FLCB: Reestablishing Trust and a Smooth Transition

The multi-year charging determinations for 2023-24, 2024-25 and 2025-26 were expected to be the last under PAYGO.

A compounded 19 per cent increase in charges over these three years might have been seen by governments as a necessary step to ‘close the gap’ before establishing an initial asset valuation year under the FLCB model, expected to be used for the 2026-27 determination.

However, with the benefit of hindsight, it is now clear that the 19 per cent increase was extremely challenging for the trucking industry. It has reduced profit margins and contributed to the record number of insolvencies experienced in recent years. It is reasonable to conclude that for an industry already at breaking point, further charging increases of this magnitude would only exacerbate the current dire situation.

Governments must also be mindful that the proposed regulatory transition to a FLCB necessarily involves some level of risk and uncertainty. Such changes have been under consideration for more than a decade, with previous proposals being so threatening to industry, and so unsuitable for governments, that each has failed before implementation.

We are now at a critical juncture. Governments are potentially in the final stages of significant charging reform precisely at a time when rampant charging increases over the past three years have destroyed businesses and are placing many more at risk.

Rather than attempting to ‘claw back’ an arbitrary amount under a charging model that both industry and governments agree is no longer fit for purpose, the focus should be on ensuring a smooth transition to the FLCB and generating goodwill by

⁵ Warning entire industry critical for Australian economy on the brink of collapse. Nine News. Richard Wood. November 20 2025. <https://www.9news.com.au/national/trucking-companies-facing-tough-times/3c45419a-4b63-4835-8065-d3b641aaa4b3?>

demonstrating that governments are in fact mindful of the impact of their charging decisions on trucking operators – and seeking a better way forward.

Moreover, the overriding imperative must be for industry and governments to re-establish long-term mutual trust in the principle of fair, transparent and objective charging, to be delivered under the FLCB model. This first step is of course essential to a successful reform process.

In the ATA's view, improved trust and goodwill would not be achieved by an arbitrary 6 per cent increase determined under a defunct charging model.

We assert that an increase of no more than 4 per cent in 2026-27 would more appropriately signal that governments are serious and pragmatic about establishing the conditions necessary for a smooth transition to a FLCB from 2027-28.

3.4 ATA Recommendation on Charges for 2026-27

The ATA recommends an increase in heavy vehicle charges for 2026-27 of no more than 4 per cent.

4. Looking Ahead

Heavy vehicle operators make a significant contribution towards building and maintaining Australia's road and associated infrastructure network and supporting Australian households and businesses. The 'cost base' leviable on trucking operators in 2024-25 was \$6.3b.

Given this contribution, it is reasonable for operators to expect value for money in the assets delivered by governments and a regulatory environment that facilitates safe operations, fair competition and continuous innovation.

In this regard, there is much that governments can do (see sections below).

4.1 Recommitment to Supply Side Reform

In the ATA's view, moving to a FLCB is a necessary step, but not one that should be taken independently of the broader commitment to Heavy Vehicle Road Reform (HVRR).

In terms of delivering a safer and more productive road network, most of the benefits lie in genuine supply side reform, rather than in changes to the way charges are calculated and applied.

The ATA continues to support the broad intent and four pillars of HVRR, comprising—

1. setting national service level standards for roads
2. assessable expenditure planning and determining what costs are recoverable from heavy vehicles
3. independent setting of heavy vehicle charges
4. dedicated road funding, with revenue from road user charges to be returned to road infrastructure.⁶

However, we are concerned that governments may simply reform heavy vehicle charges in an effort to guarantee revenues, but then stop short of delivering of supply side reforms that would increase transparency and accountability for governments.

The ATA recommends that governments recommit to full supply side reform and should in 2027-28—

- implement service level standards on the national land transport network as a condition of Commonwealth funding. The standards should include truck rest areas, access, road safety and a requirement for ongoing road maintenance. In due course, service level standards should apply to all roads, including regional and local.
- develop capital and operational expenditure plans for 2027-28 to 2029-30 for approval by an independent body
- introduce a national road user charging scheme for electric heavy vehicles, given the issues with inconsistent state-level schemes⁷

4.2 Heavy Vehicle National Law

The Heavy Vehicle National Law (HVNL) amendment bill passed by the Queensland Parliament in 2025 has fallen far short of industry expectations. While it does include some worthwhile reforms, it did not deliver the root and branch reform expected.

This reform process must continue – if this does not occur, there is a risk that frustrated industry and governments will abandon support for the concept of the HVNL and the National Heavy Vehicle Regulator. However, rather than attempting to review the entire law, the NTC and NHVR should focus on discrete sections, aiming to deliver ongoing staged, but significant, reforms.

For example, the PBS scheme is critical to Australia's freight productivity, with more than 28,000 approved combinations—now carrying 20–25% of the national freight task and delivering 30–35% higher productivity than standard vehicles. Despite

⁶ Department of Infrastructure, Transport, Regional Development and Communications. [Heavy Vehicle Road Reform Consultation Paper](#). September 2020. 5.

⁷ See ATA, 'Proposed submissions of the Australian Trucking Association', Submission in *Vanderstock & Anor v. The State of Victoria*, M61/2021, 4 October 2022, [33]-[40].

these benefits, operators still face access constraints, with permit requirements consuming significant time and resources and often involving inconsistent conditions and uncertainties about network access.

There is significant scope for reform of the PBS system by creating pathways for proven designs to exit the PBS scheme, simplifying approvals and enabling more responsive updates to standards.

Scope also remains for improvements to the fatigue general schedule, innovative use of technology for alternative compliance, improving bridge assessment processes and reducing permit requirements via the National Automated Access System, and other means.

The ATA recommends that governments commit to ongoing, staged, HVNL reform.

4.3 Maintaining Fuel Tax Credits

Under PAYGO, fuel tax credits (FTC) are used to refund fuel taxes collected at the bowser that exceed the fair recovery level.

This refund is not a fuel subsidy. It is an administrative feature of the Fuel Tax Act designed to correct over-taxation of heavy vehicles.

However recent comments by climate activists, including the Chair of the government's own Climate Change Authority, have labelled diesel FTCs an insane subsidy.

The ATA maintains that any reduction in FTCs unrelated to the PAYGO model would unfairly tax heavy vehicle operators, resulting in more financial pressure on transport operators and higher freight costs for all Australian households and businesses.

The ATA recommends that governments commit to maintaining the integrity of the FTC system for exclusive use in correcting over taxation of operators via heavy vehicle charges.

5. Summary of Recommendations

Recommendation 1

The ATA recommends an increase in heavy vehicle charges for 2026-27 of no more than 4 per cent.

Recommendation 2

The ATA recommends that governments recommit to full supply side reform and should in 2027-28—

- implement service level standards on the national land transport network as a condition of Commonwealth funding. The standards should include truck rest areas, access, road safety and a requirement for ongoing road maintenance. In due course, service level standards should apply to all roads, including regional and local.
- develop capital and operational expenditure plans for 2027-28 to 2029-30 for approval by an independent body
- introduce a national road user charging scheme for electric heavy vehicles, given the issues with inconsistent state-level schemes⁸

Recommendation 3

The ATA recommends that governments commit to ongoing, staged, HVNL reform.

Recommendation 4

The ATA recommends that governments commit to maintaining the integrity of the FTC system for exclusive use in correcting over taxation of operators via heavy vehicle charges.

⁸ See ATA, 'Proposed submissions of the Australian Trucking Association', Submission in *Vanderstock & Anor v. The State of Victoria*, M61/2021, 4 October 2022, [33]-[40].